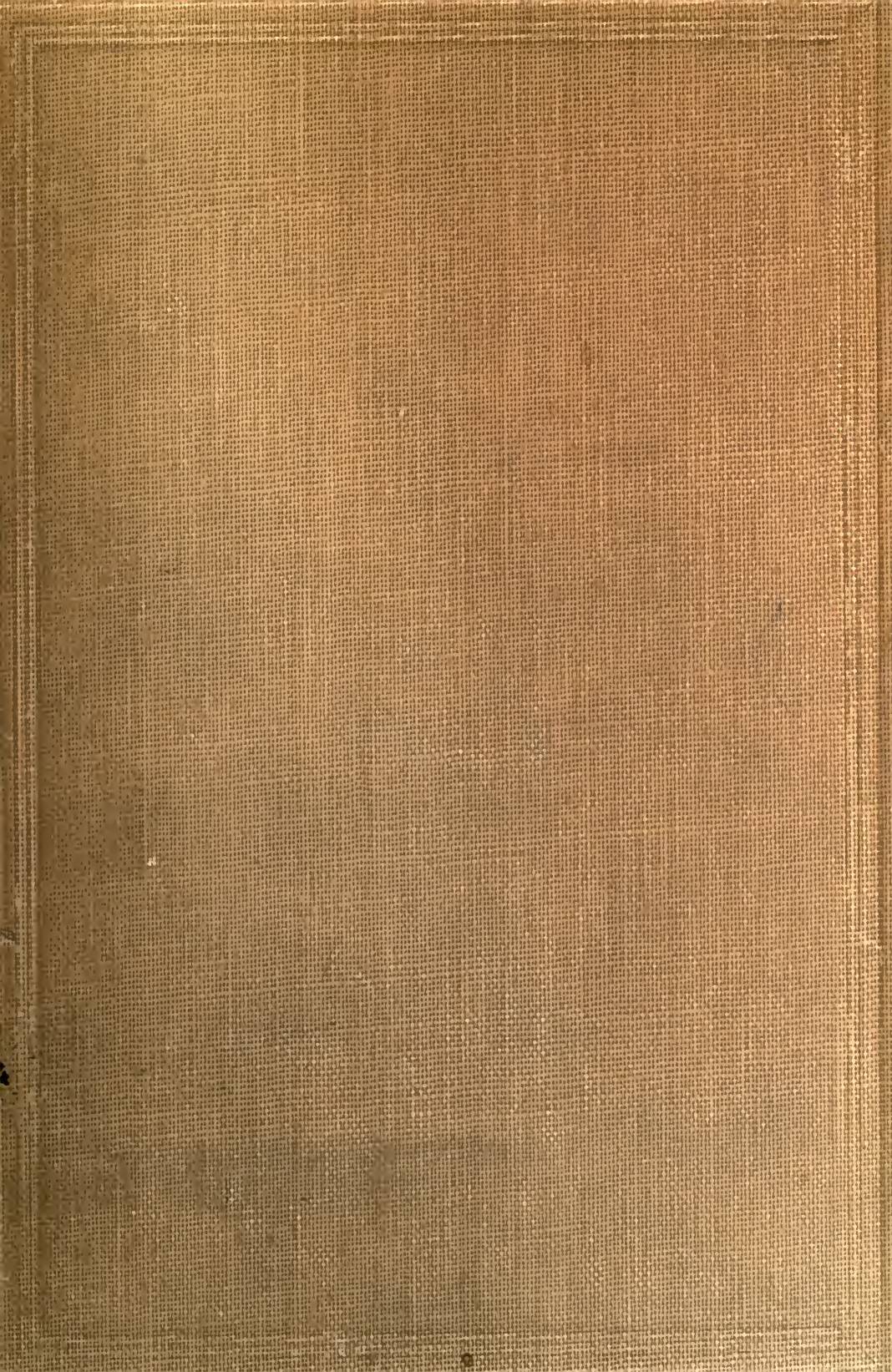






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Business Law—Case Method

SEVEN VOLUMES

Prepared under the Editorial Supervision of

WILLIAM KIXMILLER, Ph.B., J.D.

and

WILLIAM H. SPENCER, Ph.B., J.D.

2752 /

A Systematic Non-Technical Treatment of
Business Law in Story and
Case Form

PUBLISHED BY

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BUSINESS LAW FORMS

^{2752 /} ACKNOWLEDGMENTS

(1) General Acknowledgment

State of Illinois, }
County of Cook. } ss.

I, **Richard Roe**, a Notary Public in and for **Cook** County, hereby certify that **John Doe**, personally known to me as the person whose name is subscribed to the above instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered the above instrument as his free and voluntary act for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this the 15th day of **June**, A. D. 1914.

(Seal) **RICHARD ROE,**
Notary Public.

(2) Acknowledgment by Husband and Wife

State of Indiana, }
County of **Knox**. } ss.

I, **John Roomer**, a Notary Public (or Justice of the Peace) in and for said county, in the State aforesaid, do hereby certify that **Richard Doe** and **Sarah Doe**, his wife, who are personally known to me to be the same persons whose names are subscribed to the within **trust deed**, as having executed the same, appeared before me this day in person, and acknowledged that they signed, sealed, and delivered the same as their free and voluntary act, for the uses and purposes therein set forth, including the release and waiver of all right under, and benefit of, exemption and homestead laws of the State of **Indiana**, in and to the premises therein described, with the appurtenances and the proceeds of the sale thereof.

AND the said Sarah Doe, wife of the said Richard Doe, having been by me examined separate and apart and out of the hearing of her said husband, and the contents and meaning of the said trust deed having been by me made known and fully explained to her, and the rights under and by virtue of the homestead and exemption laws of the State of Indiana referred to in said deed, acknowledged that she had freely and voluntarily executed the same and relinquished her dower, and all other right, title, and interest, including her homestead and exemption rights as aforesaid, to the lands and tenements in said deed mentioned, and to the proceeds of sale thereof, without compulsion or fear of her said husband, and that she does not wish to retract the same.

GIVEN under my hand and notarial seal this the 15th day of June, A. D. 1914.

JOHN ROOMER,
Notary Public.

(Seal)

(3) Acknowledgment Taken Outside the State

State of New York, }
County of Erie. } ss.

BE IT KNOWN, That on the 15th day of June, 1914, in the State and county aforesaid, before me, a Commissioner, residing in said State and duly appointed by the Governor of the State of Illinois, to take acknowledgment and proof of the execution of written instruments under seal to be used and recorded in said State, personally appeared Richard Doe, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, and acknowledged that he had subscribed and executed the same for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal as Commissioner of the State of New York at my office in the County of Erie and State aforesaid, this 15th day of June, A. D. 1914.

HOWARD SHERMAN,
Commissioner of the State of New York,
for the County of Erie.

(Seal)

(1) General Form of Affidavit

I, **Richard Roe**, of the City of **New York**, County of **Erie**, and State of **New York**, being duly sworn, depose and say: (Here insert the body of the affidavit, setting forth what the maker of the affidavit swears to and stating whether it is of his own knowledge or upon information and belief.)

RICHARD ROE.

Subscribed and sworn to before me this **15th** day of **June**, A. D., **1914**.

HOWARD SHERMAN,
Notary Public.

(Seal)

(2) Jurats to the Above Affidavits

Subscribed and sworn to before me this **15th** day of **June**, **1914**, by the above named **Richard Roe**, an illiterate, (or blind person, as the case may be), said affidavit having been first read to him by me, and he appearing to me to understand the same.

HOWARD SHERMAN,
Notary Public.

(Seal)

Subscribed and sworn to before me this **15th** day of **June**, **1914**, by the above named **Richard Roe**, who is a foreigner not understanding the English language, said affidavit having first been interpreted to the affiant by **Tom Smith**, an interpreter, first duly sworn for that purpose.

HOWARD SHERMAN,
Notary Public.

(Seal)

Affidavit by an Agent

Richard Roe, of the City of **Chicago**, County of **Cook**, and State of **Illinois**, being duly sworn, says that he is the agent of the above named **John Doe** and further states that the said **John Doe** is now residing in **Paris, France**, and has resided there since the **1st** day of **June**, **1910**, and that he intends to make that city his future home, as affiant is informed and believes.

RICHARD ROE,

SUBSCRIBED AND SWORN TO before me this
15th day of June, 1914.

(Seal)

HOWARD SHERMAN,
Notary Public.

AGENCY

(1) Power of Attorney Appointing an Agent

KNOW ALL MEN BY THESE PRESENTS, That I, Richard Roe, of the City of Chicago, County of Cook, in the State of Illinois, have made and appointed, and by these presents do make and appoint John Doe of the City of Chicago, County of Cook, and State of Illinois, my true and lawful attorney for me and in my name to buy for me lumber and other building material, giving and granting unto John Doe, said attorney, full power and authority to perform all necessary acts in the purchase of said lumber and building material, as fully to all intents and purposes as I might or could do personally, with full power of substitution and revocation, hereby ratifying and confirming all that my said attorney shall lawfully do by virtue hereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal this 15th day of June, 1914.

(Seal)

RICHARD ROE.

Signed, sealed, and delivered
in presence of

HOWARD SHERMAN (Witness).

(2) Power of Attorney to Sell Land

KNOW ALL MEN BY THESE PRESENTS, That I, the undersigned Richard Roe, of the City of Chicago, County of Cook, and the State of Illinois, have this day made and appointed, and do by these presents make and appoint, John Doe, of the City of Indianapolis, County of Marion, State of Indiana, my true and lawful attorney, for me and in my name to sell and dispose of, absolutely, in fee-simple, the following described lot, tract, or parcel

of land, or any part thereof, situate in Marion County, and the State of Indiana, to-wit: Lot 4 in Block 6 in the N. E. $\frac{1}{4}$ Section 41, Township 13, North, Range 14, E. of the Third Principal Meridian, for such price or sum of money, and to such person or persons as he shall think fit and convenient; and also for me and in my name, and as my act and deed, to sign, execute, acknowledge, and deliver such deed or deeds, and conveyance or conveyances, for the absolute sale and disposal thereof, or of any part thereof, with such clause or clauses, covenant or covenants, and agreement or agreements, to be therein contained, as my said attorney shall think fit and proper; hereby ratifying and confirming all such deeds, conveyances, bargains, and sales which shall at any time hereafter be made by said attorney touching or concerning the same.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal, on this the 15th day of June, 1914.

(Seal)

RICHARD ROE.

County of Cook. }
State of Illinois, } ss.

BE IT REMEMBERED, That on this the 15th day of June, 1914, before the undersigned, a notary public within and for the County of Cook, and State of Illinois, personally came Richard Roe, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument of writing, and acknowledged the same to be his free act and deed, for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, on the day and in the year above named.

(Seal)

HOWARD SHERMAN,
Notary Public.

ARBITRATION

(1) Arbitration Agreement

KNOW ALL MEN BY THESE PRESENTS, That we, Richard Roe, of Louisville, Kentucky, and John Doe,

of the same place, do hereby promise and agree, to and with each other, to submit, and do hereby submit, all questions and claims between us arising out of a **certain construction contract**, a copy of which is hereto attached, to the arbitration of **John Jones, Jacob Fielding, David Judson**, whose decision and award shall be final, binding, and conclusive on us.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 25th day of June, 1914, at Louisville, Kentucky.

(Seal)
(Seal)

**RICHARD ROE,
JOHN DOE.**

(2) Arbitration Bond

KNOW ALL MEN BY THESE PRESENTS, That I, **Richard Roe**, of Louisville, Kentucky, am held and firmly bound unto **John Doe**, of the same place, in the sum of \$1000, for the payment whereof I bind myself, heirs and assigns, executors and administrators by these presents. Sealed with my seal this 25th day of June, 1914.

The condition of this bond and obligation is such, that if **Richard Roe** shall truly submit to the decision of **John Jones, Jacob Fielding, David Judson**, or any two of them, selected by me, **Richard Roe** and by **John Doe**, to settle a controversy now existing between us in reference to a **certain construction contract**, this bond and obligation shall be void; otherwise to remain in full force and effect.

(Seal)
(Seal)

**RICHARD ROE,
JOHN DOE.**

Signed, Sealed and Delivered in
the presence of

HOWARD SHERMAN.

(3) Award of Arbitrators

TO ALL WHOM IT MAY CONCERN, GREETING:

We, **John Jones, Jacob Fielding, David Judson**, to whom was submitted as arbitrators the matters in controversy between **Richard Roe** and **John Doe**, both of

Louisville, Kentucky, in reference to a certain construction contract, after full investigation and mature deliberation, do find and ward:

That in reference to the said construction contract there is now due and owing to the said John Doe the sum of \$300 with interest from January 1st, 1912; and that the said Richard Roe should pay to the said John Doe the sum of \$300 with interest as aforesaid, and the cost of this arbitration, amounting to the sum of \$75.

IN WITNESS WHEREOF, we have hereunto subscribed our names and affixed our seals, this the 1st day of December, 1914.

(Seal)

(Seal)

(Seal)

**JOHN JONES,
JACOB FIELDING,
DAVID JUDSON.**

ASSIGNMENTS

(1) General Assignment Form

KNOW ALL MEN BY THESE PRESENTS, That I, Richard Roe, of the City of Chicago, in the County of Cook, and State of Illinois, in consideration of one thousand dollars (\$1,000) lawful money of the United States, to me in hand paid before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, have sold, assigned, transferred, and by these presents do sell, assign and transfer unto John Doe, of the City of Chicago, in the County of Cook, and State of Illinois, his executors, administrators, and assigns, to him and their own proper use and benefit, the manuscript of a proposed book on the Law of Commercial Paper, of which I am the author and owner, together with all my literary property, right, title and interest in and to said book, and all the profit, benefit, and advantage that may arise from publishing and selling the same.

And I do hereby give the said John Doe, his executors, administrators, and assigns, the full power and authority, for his or their own proper use and benefit, but at his or their own costs to copyright the said book, and to receive any renewals or extension of the same, as

allowed by the laws of the United States in such cases made and provided.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 19th day of October, 1914.

(Seal)

RICHARD ROE.

Signed, Sealed and Delivered
in presence of

HOWARD SHERMAN.

(2) Assignment of a Debt

For value received, I hereby sell, assign and transfer to **John Doe**, the annexed debt against **Robert Brown**, of **South Bend, Indiana**, and all my right, title, interest, and demand in and to the same, with full authority to collect and receipt for the same. I guarantee to the said **John Doe** that the said account is just and due, and that I have not received or discharged the same, or any part thereof.

IN WITNESS WHEREOF, I have hereunto set my hand this the 15th day of June, 1914.

RICHARD ROE.

(3) Assignment in Trust for Creditors

KNOW ALL MEN BY THESE PRESENTS, That Whereas, I, **Richard Roe**, of **Chicago, Illinois**, am indebted to divers persons in various sums of money, which I am now unable to pay in full, and whereas I am desirous of conveying all my property for the benefit of my creditors, without any preference or priority:

NOW THEREFORE, I, the said **Richard Roe**, in consideration of the premises, and of one dollar to me paid by **John Doe**, the receipt of which I hereby acknowledge, have granted, bargained, sold and assigned, and by these presents do grant, bargain, sell and assign, unto the said **John Doe**, all the real property which I now own, and all the personal property of whatever description, which I now own, except such real property and personal which is by law exempt from execution:

TO HAVE AND HOLD the same unto the said **John Doe**, in trust to sell, and to apply the proceeds in the following manner:

FIRST: To pay the lawful costs and expenses of executing the trust hereby created, including reasonable attorneys' fees for legal advice in regard to the formation of this trust, and for drawing this deed.

SECOND: To pay to each and all of my creditors the full sums that may be due and owing to them from me; provided, however, that if there shall not be sufficient funds with which to pay all my debts, then the said debts are to be paid ratably and in proportion.

THIRD: If the proceeds shall be more than sufficient to pay and satisfy all and every creditor, then to pay and return to me the balance that may be left, if any, after full payment of all debts as aforesaid.

And I do hereby appoint the said **John Doe** my true and lawful attorney, irrevocable, in my name or otherwise, for the purpose of executing the trust hereby created; giving and granting unto my said attorney full power and authority to do and perform all acts necessary as fully as I could personally do; with full power of substitution and revocation, hereby ratifying and confirming all that my said attorney or his substitute may lawfully do or cause to be done by virtue of the authority herein conferred.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 15th day of June, 1914.

(Seal)

RICHARD ROE.

Signed, Sealed and Delivered
in the presence of

**HOWARD SHERMAN,
JAMES WILLIAMS.**

(4) Acceptance by Assignee

I hereby accept the trust created by the above instrument, and agree to perform the same faithfully.

Done at Chicago, Illinois, the 15th day of June, 1914.

JOHN DOE.

(5) Assignment of a Mortgage

THIS INDENTURE, MADE this 15th day of June, 1914, between Richard Roe, of the County of Cook, State of Illinois, party of the first part, and John Doe, of the same place, party of the second part:

WITNESSETH, That the party of the first part, for a good and valuable consideration to him in hand paid by the party of the second part, has sold, assigned, transferred and conveyed, and does hereby sell, assign, transfer, and convey to the party of the second part, a certain mortgage bearing date, the 1st day of January, 1912, made by Samuel Smith to the said party of the first part, to secure the payment of the sum of fifteen hundred dollars (\$1500), and interest thereon from date thereof, said mortgage being recorded in the Recorder's Office of Cook County in Volume 545 of mortgages, at page 956, on the 17th day of January, 1912, at 11 o'clock A. M., together with the bond accompanying said mortgage and therein referred to, and all sums of money due and to become due thereon.

And the party of the first part **HEREBY COVENANTS** that there is due on said bond and mortgage the sum of Fifteen Hundred Dollars.

IN WITNESS WHEREOF, the said party of the first part has hereunto set his hand and seal the day and year above set out.

(Seal)

RICHARD ROE.

Signed, Sealed and Delivered
in the presence of

HOWARD SHERMAN.

(6) Assignment of a Patent

WHEREAS, I, Richard Roe, of the City of Chicago, of the County of Cook, and the State of Illinois, did obtain Letters Patent of the United States of America for certain improvements in Airship Construction, which Letters Patent bear date the 10th day of November, 1910, and are numbered 557 and 558.

AND WHEREAS, John Doe is desirous of acquiring an interest therein:

NOW THIS INDENTURE WITNESSETH, That for and in consideration of the sum of **Twelve Thousand dollars (\$12,000)**, to me, the said **Richard Roe**, in hand paid, the receipt of which is hereby acknowledged, I have assigned, sold, and do hereby assign and sell unto the said **John Doe**, all the right, title and interest which I have in said invention, as secured to me by said Letters Patent, for, to, and in said **Improvements in Airship Construction**.

THE SAME to be held and enjoyed by the said **John Doe** for his own use and behoof, and for the use of his legal representatives, to the full end of the term for which said Letters Patent are granted, as fully and entirely as the same would have been held and enjoyed by me if this assignment had not been made.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal this the 15th day of **June**, 1914.

(Seal)

RICHARD ROE.

Signed, Sealed and Delivered
in the presence of

HOWARD SHERMAN.

(7) Assignment of Patent Before Obtaining the Same

WHEREAS, I, **Richard Roe**, of **Chicago**, of the **County of Cook**, and **State of Illinois**, have invented certain new and useful improvements in the manufacture of **Motorcycles**, for which I am about to make application for Letters Patent of the proper authorities of the **United States of America**.

AND WHEREAS, **John Doe** of **Chicago, Illinois**, has agreed to purchase from me all the right, title and interest, which I have, or may have, in and to the said invention, in consequence of the grant of Letters Patent therefor, and has paid to me, the said **Richard Roe**, the sum of **Ten Thousand dollars (\$10,000)**, the receipt of which is hereby acknowledged;

NOW THIS INDENTURE WITNESSETH, That for and in consideration of the sum aforesaid paid, I have as-

signed and transferred, and do hereby assign and transfer, to the said **John Doe**, the full and exclusive right to all the improvements, made by me, as fully set forth and described in the specifications which I have prepared and executed under the date of **May 1st, 1914**, preparatory to the obtaining of Letters Patent therefor. And I do hereby authorize and request the Commissioner of Patents to issue the said Letters Patent to the said **John Doe**, as the assignee of my whole right and title thereto, for the sole use and benefit of the said **John Doe**, and his legal representatives.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my seal this the **15th** day of **June, 1914**.

(Seal)

RICHARD ROE.

Signed, Sealed and Delivered
in the presence of

HOWARD SHERMAN,
JAMES WILLIAMS.

(8) Assignment of Wages Due

KNOW ALL MEN BY THESE PRESENTS, That I, **Richard Roe**, of **Chicago, Illinois**, in consideration of **Fifty dollars (\$50)**, lawful money of the United States to me paid before the sealing and delivery of these presents, the receipt whereof is hereby acknowledged, have sold, assigned and transferred, and by these presents do sell, assign and transfer unto **John Doe**, of **Chicago, Illinois**, his executors, administrators and assigns, to his and their own proper use and benefit, all my right, title and interest in and to any and all sums, sum or sums of money now due, or to become due to me from the **Central and Eastern Railway Company** as section foreman for said company for the months of **June and July, 1914**.

And I do hereby give the said **John Doe**, his executors, administrators and assigns, the full power and authority to collect and give receipt for the same, and in my name or otherwise, but at his or their own cost, to prosecute and withdraw any suits or proceedings at law or in equity therefor.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 15th day of June, 1914.

(Seal)

RICHARD ROE.

Witness:

HOWARD SHERMAN.

AUCTION

(1) Contract Signed by an Auctioneer

I hereby acknowledge that **Thomas Jones** has been this day declared the highest bidder and purchaser of (Here insert the description of the property sold), at the sum of \$1000; and that he has paid into my hands the sum of \$100 as a deposit, and in part payment of the purchase money; and I hereby agree that the vendor shall, in all respects, fulfill the conditions of the said sale.

WITNESS my hand and seal this the 15th day of June, 1914.

(Seal)

HENRY LEHR.

Witness:

HOWARD SHERMAN.

(2) Contract to Be Signed by Purchaser at Auction

I hereby acknowledge that I have this day purchased, at public auction, all that (Here insert description of the property sold) for the sum of \$1000, and have paid into the hands of **John Smith** the sum of \$100, as a deposit and in part payment of the purchase money; and I hereby agree to pay the remaining sum of \$800 unto **Jacob Fielding**, at **South Bend, Indiana**, on or before the 1st day of **September, 1914**.

WITNESS my hand and seal, this the 15th day of June, 1914.

(Seal)

THOMAS JONES.

Witness:

HOWARD SHERMAN.

BILLS OF EXCHANGE

(1) Bill Payable After Date

Exchange for \$500.

Chicago, Ill., June 15, 1914.

Thirty days after date, pay to the order of Richard Roe, Five Hundred dollars (\$500), value received, and charge the same to my account.

THOMAS JONES.**To:****John Doe, South Bend, Indiana.**

(2) Bill Payable at Sight

Exchange for \$500.

Chicago, Ill., June 15, 1914.

At sight pay to the order of Richard Roe Five Hundred dollars (\$500), for value received, and charge to my account.

THOMAS JONES.**To:****John Doe, South Bend, Indiana.**

The Drawee, John Doe, accepts this instrument, by writing across the face of it:

"Accepted, June 20th, 1914.

JOHN DOE."

(3) Bank Check

Chicago, Ill., June 15th, 1914.

Chicago Trust Company, Chicago, Illinois,

Pay to Richard Roe, or order, Three Hundred and Fifty dollars (\$350).

THOMAS JONES.

(4) Indorsement to Order

Pay the within to the order of Thomas Jones.

RICHARD ROE.

(5) Indorsement for Collection

Pay to the order of Fidelity National Bank of Philadelphia for collection and deposit.

RICHARD ROE.

(6) Indorsement Without Recourse

Pay to the order of Thomas Jones sans recourse.
RICHARD ROE.

(7) Indorsement by Attorney in Fact

Pay to the order of Thomas Smith,
RICHARD ROE,
 Attorney in Fact for Howard Sherman.

(8) Waiver of Protest by Indorser

Demand, notice and protest waived.
RICHARD ROE.

Bill of Sale

KNOW ALL MEN, That I, Thomas Jones, in consideration of \$150 to me in hand paid by Jacob Fielding, have bargained and sold to the said Jacob Fielding the following goods and chattels, to-wit: **One motorcycle.**

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the 15th day of June, 1914.

(Seal)

THOMAS JONES.

Witness:

HOWARD SHERMAN.

(1) Bill of Sale With Warranty of Quality

KNOW ALL MEN, That I, Thomas Jones, in consideration of \$300 in hand to me paid by Jacob Fielding, do bargain and sell unto the said Jacob Fielding the following goods and chattels, to-wit: **Three beeves.** I hereby warrant that the said beeves are free from any disease and fit for butchering and sale as meat for sale.

WITNESS my hand and seal this the 15th day of June, 1914.

(Seal)

THOMAS JONES.

Witness:

HOWARD SHERMAN.

(2) Bill of Sale With Warranty of Title

KNOW ALL MEN BY THESE PRESENTS, That I, **Richard Roe**, in consideration of \$250 in hand to me paid by **John Doe**, the receipt of which is hereby acknowledged, have sold unto **John Doe** the following goods and chattels, to-wit: **One horse and a set of harness**. I hereby warrant that I have full title to said property, and that I will defend the said **John Doe** against any claim of any person or persons whatsoever.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this the 15th day of June, 1914.

(Seal)

RICHARD ROE.

Witnesses:

HOWARD SHERMAN,
HENRY LEHR.

BONDS

(1) General Bond

KNOW ALL MEN BY THESE PRESENTS, That we, **Thomas Jones** and **John Brown**, of the City of Chicago, the County of Cook, and the State of Illinois, are held firmly bound unto **Richard Roe**, of the same place aforesaid, in the sum of Five Hundred Dollars, for the payment of which, well and truly to be made, we bind ourselves, our heirs, administrators, jointly and severally by these presents.

IN WITNESS WHEREOF, we have hereunto set our hands and seals, on this the 15th day of June, 1914.

THE CONDITION OF THE ABOVE OBLIGATION is such, that whereas (Here insert the nature and terms of the obligation, entered into by and between the parties) now if the said **Thomas Jones** shall perform all the covenants above mentioned, then this obligation to be void; otherwise to remain in full force and effect.

(Seal)

THOMAS JONES,
JOHN BROWN.

(Seal)

In the presence of

HOWARD SHERMAN.

(2) Bond of Officer of Corporation

KNOW ALL MEN BY THESE PRESENTS, That **Richard Roe**, as principal, and **John Doe** and **Jacob Fielding**, as sureties, of the City of Chicago, County of Cook, and State of Illinois, are held firmly bound unto the **Chicago Building and Loan Association**, of Chicago, in the County of Cook, and State of Illinois, in the sum of **Five Thousand dollars (\$5000)**, in good and lawful money of the United States, for the payment of which sum, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly, severally, and firmly by these presents.

WITNESS our hands and seals, this the 15th day of June, 1912.

THE CONDITION of this obligation is such that, whereas, the above bounden **Richard Roe** was on the 14th day of June, 1914, duly appointed to the office of **Treasurer** of the **Chicago Building and Loan Association** for the year ending June 14th, 1915, and is about to assume the duties of said office; now if the said **Richard Roe** shall well and truly perform the duties of said office as **Treasurer** during his term of office, (Here may be inserted in detail the various duties and responsibilities which are imposed upon the officer) then this obligation to be void, otherwise to remain in full force and effect.

(Seal)

JOHN DOE.

(Seal)

JACOB FIELDING,

Witnesses:

HOWARD SHERMAN,

HENRY LEHR.

Approved June 20th, 1914.

Chicago Building and Loan Association,

By EDWARD BURNHAM, President.

(3) Bond of Private Corporation

THE CALIFORNIA GOLD DUST CO.

FIRST MORTGAGE

No. 54

GOLD COUPON BOND

KNOW ALL MEN BY THESE PRESENTS, That **The California Gold Dust Company**, a corporation organ-

ized and existing under the laws of the State of Delaware, is indebted, and for value received promises to pay, to the bearer hereof, or to the registered holder of this bond, if the same be registered, the sum of **Two Hundred and Fifty Dollars (\$250)** in gold coin of the United States of the present standard of weight and fineness, on the 1st day of March, 1913, at the office of the said Company, in the City of **Dover, Delaware**, with interest at the rate of six per cent per annum, payable semi-annually at said office, in like gold coin, on the first days of **September and March** in each year, upon surrender of the annexed coupons therefore as they severally mature.

Both the principal and interest of this bond are payable without deduction for any United States, State, municipal or other tax or taxes which said **The California Gold Dust Company** may be required to pay or deduct therefrom under or by reason of any present or future law, the said Company hereby agreeing to pay such tax or taxes.

This bond is one of a series of coupon and registered bonds of **The California Gold Dust Company**, bearing interest at the rate of six per cent per annum, issued or to be issued in pursuance of and subject to the terms of the **Mortgage or Deed of Trust** hereinafter referred to, but so that the aggregate amount of said bonds, both coupon and registered, shall not exceed the total sum of **\$25,000**. All of said bonds are equally secured by a mortgage or deed of trust, dated **March 1, 1911**, executed by **The California Gold Dust Company** to **James Howard** of the City of **Dover, Delaware**, as trustee, conveying the property and franchises of **The California Gold Dust Company** mentioned in said mortgage or deed of trust, to which reference is hereby made for a description of the property and franchises mortgaged and the nature and extent of the security, and the rights of the holders of said bonds under the same, and the terms and conditions upon which said bonds are issued and secured.

This bond may be registered, in the name of the owner, on the books of the company, such registration to be endorsed hereon, and thereafter no transfer shall be valid unless made on the books of the Company by the registered owner and similarly endorsed hereon, but said

bond may again be made payable to bearer by like transfer, and thereafter pass by delivery until again registered. Notwithstanding such registration the coupons hereon shall remain and be negotiable by delivery and payable to bearer on presentation.

This bond shall not become obligatory for any purpose until it shall have been authenticated by the certificate, hereon endorsed, of the trustee under said mortgage or deed of trust.

IN WITNESS WHEREOF, The California Gold Dust Mining Company has caused these presents to be signed by its President, and its corporate seal to be hereunto affixed, and to be attested by its Secretary, and coupons for said interest, with the engraved signature of its Treasurer to be attached hereto, this 1st day of March, 1911.

The California Gold Dust Co.,
By JOHN DOE,
President.

(Seal)
Attest:

RICHARD DOE,
Secretary.

Compromise With Creditors

TO ALL WHOM IT MAY CONCERN:

Whereas, John Doe, doing business at No. 1125 East 55th Street, Chicago, Ill., is indebted to us, the undersigned creditors, in divers sums of money, set opposite our respective names, but by reason of losses, he has become unable to pay and satisfy us of our full debts, and, therefore, we have resolved and agreed to undergo a certain loss, and to accept twenty-five cents for every dollar owing by him to us, to be paid in full satisfaction and discharge of our several and respective debts, and in manner hereinafter set out.

Now, therefore, we, the undersigned creditors of said John Doe, in consideration of one dollar to us in hand paid, and of the covenants and conditions herein contained, do severally and respectively covenant, compound, and agree to and with the said John Doe, and with each other, that we will accept of and from him for each and

every dollar that he owes and is indebted to us respectively, the sum of **twenty-five cents**, in full discharge and satisfaction of the several debts and sums of money that he owes and is indebted unto us respectively, to be paid to us respectively in cash.

And we further agree with said **John Doe**, in consideration aforesaid, and of the payment of the said amounts to each of us respectively, that we will and do hereby forever release and acquit him of all his indebtedness to us, and to each of us respectively.

This agreement is not to be binding until signed by **five-sixths (5-6ths)** in value of all the unsecured creditors of said **John Doe**; but when signed by creditors to said amount, then this agreement is to be binding, and then said amounts are to be paid to said respective creditors so signing this agreement; Providing, however, that this agreement be signed by said amount within **thirty days** from the date hereof.

Dated at **Chicago, Ill.**, this **fifteenth day of January, Nineteen Hundred and Fifteen**.

In witness whereof, we have hereunto set our names, and the amounts of our respective claims.

THOMAS SMITH,	\$1,000.00
ROBERT GREEN,	1,000.00
HENRY ROE,	750.00
HIRAM ALLEN,	800.00

CONTRACTS

A simple contract is an agreement between competent parties for the doing or not doing of a particular thing for a consideration. The agreement may be oral or in writing. The Statute of Frauds requires certain contracts to be in writing. It is advisable to reduce all contracts to writing to avoid disputes as to terms of the contract. The contract need not be under seal. There are no technical words required in the formation of a contract. The essential things are to set out (1) the names of the parties to the contract, (2) the subject-matter, (3) the consideration. Any conditions or special provisions should be distinctly incorporated in the contract.

(1) General Form

THIS AGREEMENT, Made this 20th day of May, A. D. 1915, between John Doe of Cook County, State of Illinois, and Richard Roe, of Cook County, State of Illinois,

WITNESSETH, That the said party of the first part, in consideration of the sum of Two Hundred Dollars, agrees to deliver to said party of the second part, at his residence, Evanston, Illinois, Three Hundred (300) bushels of coal on or before November 19th, 1915.

AND the said party of the second part, in consideration of the performance of the above agreement by the party of the first part, hereby agrees to pay party of the first part Sixty Dollars on delivery of said coal.

IN WITNESS WHEREOF they have hereunto subscribed their names on the day and year above written.

JOHN DOE,
RICHARD ROE.

(2) Building Contract

BUILDING CONTRACT, Made this 20th day of June, A. D. 1915, by and between John Doe of the City of Chicago, in the County of Cook, and State of Illinois, party of the first part, and Richard Roe, of the City of Chicago, in the County of Cook, and State of Illinois, party of the second part, in these words, to-wit: The said party of the second part covenants and agrees to and with the said party of the first part, to provide at his own expense, all the materials necessary, and to make, erect, build, and complete, in a good substantial and workmanlike manner, on the lot or premises known as the Smith property on the northeast corner of Blue and Green streets, in said City of Chicago, agreeable to the drafts, plans, explanations and specifications hereto annexed, of good and substantial materials, and to deliver the said building to the said party of the first part completely finished and ready for occupancy on the 10th day of October, 1915.

AND the said party of the first part covenants and agrees to pay unto the said party of the second part, for

the same, the sum of **One Thousand Dollars**, lawful money of the United States, as follows: **The sum of Three Hundred Dollars** when the frame of said building shall be up; **Three Hundred Dollars** when building is completely covered, roof and sides; and the balance upon the turning over of the keys of said building completed as per contract.

IN WITNESS WHEREOF, The parties to these presents have hereunto set their hands and seals, the day and year first above written.

JOHN DOE, (Seal)
RICHARD ROE. (Seal)

Witness:

JAMES SAWYER.

(3) Contract for Purchase of Land on Installment Plan

THIS AGREEMENT, Made and entered into this 20th day of June, A. D. 1915, between **John Doe**, of the County of Cook and State of Illinois, party of the first part, and **Richard Roe** of the same County and State, party of the second part,

WITNESSETH, That the party of the first part, in consideration of the sum of **Five Hundred Dollars**, to him duly paid, hereby agrees to sell unto the party of the second part, the following described lands, situated in the **County of Cook** and **State of Illinois**, to-wit: **Lot 4 in Block 6 in Section 19, Township 48 North, Range 14, East of the Third Principal Meridian.**

THE said party of the first part to furnish said party of the second part a full and complete merchantable Abstract of Title of said land on the delivery of these presents.

AND the said party of the second part hereby agrees to pay to the said party of the first part the said sum of **Five Hundred Dollars**, in equal monthly installments of **Fifty Dollars** each, in advance, on the first day of each and every month successively after this date, until the whole of said first mentioned sum is fully paid.

AND when said sum is fully paid, according to the tenor and effect of this agreement, the party of the first part shall, at once and immediately, at his own proper costs and expense, execute and deliver to the said party of the second part, a proper deed of warranty conveying the said above described lands in fee simple, free and clear from all encumbrances, and right of dower.

IT IS AGREED That the stipulations and terms of this agreement shall extend to and be binding on the heirs, executors, administrators, and assigns of the several parties hereto, and that time shall be of the essence of this contract.

IN WITNESS WHEREOF, The said parties have hereunto set their hands and seals, the day and year first above written.

JOHN DOE, (Seal)
RICHARD ROE. (Seal)

Sealed and Delivered in
Presence of
SAMUEL BATES.

(4) Contract for Exchange of Property

THIS AGREEMENT, Made and entered into this 20th day of June, A. D. 1915, by and between John Doe, of Chicago, County of Cook, and State of Illinois, party of the first part, and Richard Roe, of Chicago, County of Cook, and State of Illinois, party of the second part:

WITNESSETH, That the party of the first part, for and in consideration of the covenants and agreements hereinafter specified, to be by the party of the second part well and truly performed, does hereby agree to convey to said party of the second part, his heirs or assigns, by his deed from himself, the following described property, situated in the County of Cook, and State of Illinois, to-wit: Lot one in Block two of the N. E. Quarter of Section 12, Township 48 North, Range 15, East of the Third Principal Meridian.

AND the party of the second part, for his part, for and in consideration of the covenants and agreements

above specified, being by the party of the first part well and truly performed, does hereby agree to convey to said party of the first part, his heirs or assigns, by deed from himself, the following described property, situated in the County of Cook, and State of Illinois, to-wit: The N. E. Quarter of the N. W. Quarter of Section 12, Township 47 North, Range 15, East of the Third Principal Meridian.

IT IS HEREBY further mutually agreed and understood by and between the parties hereto, and as part of the consideration of this Agreement, that each party hereto is to provide for the use of the other within ten days from date hereof, proper Abstracts of Title to the property hereby agreed by them to be conveyed, or caused to be conveyed, showing good and sufficient title to the same in the grantors herein mentioned. And also that each party shall pay his own commission, attorneys' fees, and all other costs incident to his part of the negotiation.

BROKERAGE FEES to be paid as follows, to-wit: Party of the first part to pay to Samuel Howard the sum of Fifty dollars (\$50); Party of the second part to pay to James Green the sum of Fifty dollars (\$50).

ALL DEEDS to be passed and this negotiation to be closed within twenty days from the date of this Agreement.

TIME is hereby declared to be of the essence of this Agreement.

IN WITNESS WHEREOF, The said parties have hereunto set their hands and seals, the day and year first above mentioned.

JOHN DOE, (Seal)
RICHARD ROE. (Seal)

(5) Employees Contract

AGREEMENT, Made between John Doe and Richard Roe.

WITNESSETH, That John Doe hires and employs the said Richard Roe in his business in Chicago, Illinois,

in the capacity of Clerk, and agrees to pay him during the time that he shall remain in such employment, Fifty dollars per month, all upon the terms and conditions of this agreement.

THE said Richard Roe does agree to and with the said John Doe that he will devote his entire time, skill, labor, and attention to said employment, during the time for which he may be so employed, at the wages aforesaid.

IT is expressly provided and agreed between the parties hereto, that said John Doe may, at any time, terminate said employment, at his election, upon payment to Richard Roe of what may be coming to him, at the rate aforesaid, on the evening of the day of his actual discharge.

OF the cause for discharge, said John Doe shall be the sole judge.

ANY agreement or arrangement by which the aforesaid Richard Roe has been heretofore employed by said John Doe is, in further consideration, of the premises, canceled, released, and discharged at this date.

JOHN DOE,
RICHARD ROE.

Chicago, Illinois,
June 20, 1915.

(1) Option Contract for Purchase of Land

I, John Doe, of Urbana, Illinois, for and in consideration of the sum of One Hundred dollars, to me in hand paid by Richard Roe, of Milwaukee, Wisconsin, do hereby give to the said Richard Roe, his heirs, and assigns, the privilege of purchasing on or before the 1st day of January, 1916, the following described real estate, situated in the County of Cook, and State of Illinois, to-wit: Lot three, Block five, Section nine, Township 47 North, Range 15, East of the Third Principal Meridian, at and for the price of Two Thousand dollars, to be paid as follows, viz: Five Hundred dollars in cash, and the sum of Fifteen Hundred dollars to be secured by a mortgage or trust deed on said real estate, in form to be satisfactory to me; said cash payment to be made and securities delivered on or before the 1st day of January, 1916.

I ALSO AGREE to furnish an abstract of title, showing good title to said real estate. In case the privilege of purchase hereby given is exercised, the price above named, paid, and secured, and the securities accepted, as above provided, I agree to convey and assure the said real estate to said **Richard Roe**, his heirs or assigns, by a good and sufficient deed, reciting a consideration of **Two Thousand dollars**, free and clear of all liens or encumbrances whatsoever, except as to taxes, and special assessments, levied or assessed upon said real estate subsequent to **June 20, 1915**.

THIS INSTRUMENT shall not be recorded, but is deposited by the said **John Doe**, by mutual agreement with **Samuel Haft**, and in case the privilege of purchase hereby given is not exercised and the conditions hereof fully performed by said **Richard Roe**, his heirs and assigns, and written notice of such exercise and performance given by **John Doe** to said **Samuel Haft**, said privileges shall thereupon wholly cease (but no liability to refund the money paid therefor, shall arise): said abstracts of title be returned in good order, and said **Samuel Haft** shall at once surrender this instrument to **John Doe** for cancellation. During the existence of said privilege of purchase, this instrument shall be binding on my heirs, executors, administrators, and assigns, who may exercise the rights herein reserved by me, and receive the surrender above mentioned.

WITNESS my hand and seal, this 20th day of June, A. D. 1915.

JOHN DOE. (Seal)

Witness:

JAMES BROWN,
WILLIAM GREEN.

(7) Contracts of Guaranty

FOR AND IN CONSIDERATION OF the sum of **One dollar** to me in hand paid by Messrs. **Gorham & Company**, the receipt whereof is hereby acknowledged, I do hereby guarantee, promise, and agree to and with them, that the above-named **Richard Roe** will well and faithfully perform and fulfill everything by the foregoing

agreement on his part and behalf to be performed and fulfilled, at the times and in the manner above provided. And I do hereby expressly waive and dispense with any demand upon the said Richard Roe, and any notice of any nonperformance on his part.

June 20, 1915.

JOHN DOE. (Seal)

(8) Guaranty of Payment of Note

FOR VALUE RECEIVED, I hereby guarantee the prompt payment of the within note at maturity.

June 20, 1915.

JOHN DOE.

(9) Guaranty of Payment of Bond

IN CONSIDERATION OF the sum of One dollar to me in hand paid by Richard Roe, I hereby guarantee the prompt payment of the foregoing bond.

WITNESS my hand and seal, the 20th day of June, 1915.

JOHN DOE. (Seal)

(10) Guaranty of Rent

IN CONSIDERATION OF the letting of the premises above described (or for value received), I guarantee the punctual payment of the rent (and performance of the covenants) in the above agreement mentioned to be paid and performed by said lessee, without requiring any notice of non-payment or non-performance, or proof of notice or demand being made, whereby to charge me thereof.

JOHN DOE.

June 20, 1915.

(11) Contract of Sale of Personal Property

KNOW ALL MEN BY THESE PRESENTS, That John Doe, of the City of Vincennes and State of Indiana, for and in consideration of the sum of Two Hundred dollars, lawful money of the United States of America, to him in hand paid, at or before the signing and delivery

of these presents, by **Richard Roe**, of the City of **Dayton**, and State of **Kentucky**, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, and deliver, unto **Richard Roe** all the following goods and property, to-wit: **One Ford automobile, No. 2342, Model 1915.**

TO HAVE AND TO HOLD the said goods and property unto the said **Roe**, his heirs, executors, administrators, and assigns, to and for his own proper use forever.

AND the said **Roe** does vouch himself to be the true and lawful owner of the said goods, and property, and to have in him full power, good right, and lawful authority, to dispose of the said goods, and property, in manner as aforesaid: And he does for his heirs, executors, and administrators, covenant and agree to and with the said **Roe** to warrant and defend the said goods, chattels and property to the said **Roe**, his executors, administrators, and assigns, against the lawful claims and demands of all and every person and persons whomsoever.

IN WITNESS WHEREOF, Doe has hereunto set his hand and seal this 20th day of June, 1915.

JOHN DOE. (Seal)

Witness:

SAMUEL HAFT.

(12)—Contract of Sale of Personal Property, With a Condition to Make It a Mortgage With Power of Sale

KNOW ALL MEN BY THESE PRESENTS, That **John Doe**, of **Chicago, Illinois**, in consideration of **Four Hundred dollars (\$400)**, paid by **Richard Roe**, the receipt whereof is hereby acknowledged, does hereby sell, transfer, and deliver unto the said **Richard Roe** the following goods, namely:

One flat-top desk; one Oliver typewriter; one office chair; one book case; one set of Reports of the Supreme Court of Illinois, consisting of one hundred volumes.

TO HAVE AND TO HOLD the same to his own use forever.

AND said grantor hereby covenants with the grantee that he is the lawful owner of the goods; that they are

free from all encumbrances; that he has good right to sell the same as aforesaid; and that he will warrant and defend the same against the lawful claims and demands of all persons.

PROVIDED, NEVERTHELESS, That if the grantor, or his executors, administrators, or assigns shall pay unto the grantee, or his executors, administrators, or assigns, the sum of Four Hundred dollars (\$400), in **ninety** days from this date, with interest, at the rate of **six per cent** per annum, and until such payment shall not waste the said above named chattels nor suffer them or any part thereof to be attached, and shall not, except with the consent in writing of the grantee or his representatives, attempt to sell, or to remove the same or any part thereof from their present location, then this deed, as also said grantor's note of even date herewith, signed by the said grantor, whereby he promises to pay to the grantee or order the said sum and interest at the times aforesaid, shall become void.

BUT upon any default in the performance of the foregoing condition, the grantee or his executors, administrators, or assigns, may sell the said goods and chattels by public auction, first giving ten days' notice in writing of the time and place of sale to the grantor or his representatives. And out of the money arising from such sale, the grantee or his representatives shall be entitled to retain all sums then secured by the mortgage whether then or thereafter payable, including all costs, charges, and expenses incurred or sustained by them in relation to the said property, or to discharge any claim or liens of third persons affecting the same, rendering the surplus, if any, to the grantor or his executors, administrators, or assigns.

AND IT IS AGREED, That the grantee, or his executors, administrators, or assigns, or any person or persons in their behalf, may purchase at any sale made as aforesaid; and that, until default in the performance of the condition of this deed, the grantor and his executors, administrators, and assigns may retain possession of the above-mortgaged property, and may use and enjoy the same.

IN WITNESS WHEREOF, The said grantor has hereunto set his hand and seal, this 15th day of **June**, 1915, at **Chicago, Illinois**.

JOHN DOE. (Seal)

Signed, Sealed and Delivered

in presence of

JAMES DALY,
JAMES SMITH.

(13) Contract for the Sale of Real Estate

This agreement, made and entered into at **Chicago, Illinois**, this **Fifteenth** day of **January**, **Nineteen Hundred and Fifteen**, by and between **Thomas Rex**, of **Chicago**, **County of Cook**, and **State of Illinois**, and **Joseph Brown**, of **Chicago**, **County of Cook**, and **State of Illinois**, witnesseth that the said **Thomas Rex** hath sold, and doth agree to convey in fee simple unto said **Joseph Brown**, his heirs and assigns forever, by a good and sufficient deed of general warranty, on or before the 1st day of **February**, **Nineteen Hundred and Fifteen** (upon the punctual payment by said **Joseph Brown** of the consideration money hereinafter mentioned), the following premises, situate in **Chicago**, **Cook County**, **Illinois**, and bounded and described as follows: (Here describe the premises as in a deed), together with all the privileges and appurtenances to the same belonging, and all the rents, issues, and profits thereof.

And the said **Joseph Brown**, for himself, and for his heirs, executors, administrators, and assigns, does covenant and agree to and with **Thomas Rex**, his heirs and assigns, that he will pay to the said **Thomas Rex**, his heirs or assigns, the sum of \$6000, the consideration money for said premises, in the manner following: \$2000 at the time the said **Thomas Rex** shall execute a good and sufficient deed of general warranty; \$2000 in one year; and \$2000 in two years thereafter, the same to be secured by notes and mortgages on the premises.

All assessments and taxes that are now or may hereafter be levied or assessed on said premises, are to be paid in the manner following: All assessments levied hereafter to be paid by the said **Joseph Brown**. The said **Thomas Rex** to pay the taxes due and payable **June**, **Nine-**

teen Hundred and Fifteen. The said Thomas Rex hereby agrees that the said Joseph Brown shall enter into possession of said premises on the 20th day of January, Nineteen Hundred and Fifteen, to use and improve as his own, in a good and husbandlike manner.

It is understood and agreed by and between the parties to this agreement, that if the said Joseph Brown fail to pay the said consideration money, or the assessments or taxes as herein stipulated, then this agreement is to be void as it regards the said Thomas Rex, at his option.

In testimony whereof the said Thomas Rex and Joseph Brown have hereunto set their hands and seals, the day and year first above mentioned.

THOMAS REX, (Seal)

JOSEPH BROWN. (Seal)

Signed and Sealed in the Presence of Us:

JOHN JONES,
PETER RUGER.

(14) Contract for Employment of Clerk, etc., With
Salary in Proportion to Profits

Memorandum of a contract made and entered into this Fifteenth day of January, Nineteen Hundred and Fifteen, by and between John Doe and Richard Roe, partners as Doe and Roe, of the first part, and John Smith, of the second part.

Witnesseth, That the said Doe and Roe having entered in the general business of manufacturing and selling candy, agree to keep and employ in said business a sum of money, not less than \$1300, and to maintain and carry on their business in the two stores and factory, in the City of Chicago, Illinois, and one store in the City of Dixon, Illinois, and to devote their time, labor, and attention, in good faith, to the conduct and profit of said business.

That they have employed the said John Smith for a period of two years from the First day of January, Nineteen Hundred and Fifteen, as an assistant workman and general superintendent in said business; the said Smith agreeing to devote his entire and exclusive time, labor and skill in the manufacture of home-made candy, and in

the general conduct of said business, and for its success, and in consideration of which the said Doe and Roe agree to pay to the said Smith as a salary a sum equal to **one-third of the net profits of said business**, and further agree that they will pay to the said Smith the sum of \$25 weekly, provided he is entitled to that amount under the contract aforesaid, and if not, then such smaller sum as he may be entitled to under said contract.

The parties of the first part also agree to take an account of stock on the 1st day of January and the 1st day of July of each year, and at such times to make to the said Smith full semi-annual payment of his salary, being, as aforesaid, a sum equal to **one-third of the net profits having accrued in said business**.

Said parties of the first part further agree that the said John Smith shall have access at all times to the books, papers, moneys, etc., pertaining to the business.

It is also agreed between the parties hereto that, in case the said business should become unsuccessful at any time during said term of two years, so as to lead to its discontinuance by the parties of the first part, or in case, from want of success in said business, the party of the second part should become dissatisfied and desire to abandon his said employment; then a settlement shall be made between the said parties at such time, by taking an account of stock, and by the full payment of the salary of the party of the second part, to-wit, a sum equal to **one-third of the net profits accrued**, which shall also be the manner of settlement at the expiration of this contract, in case it is not terminated prior thereto, as hereinbefore provided.

Provided, however, and it is the meaning of this contract that the said Smith is in no sense a partner in said business; that he is not responsible for any losses that may occur in its management, and has no specific lien for the payment of his salary, or otherwise on the goods and chattels belonging to said Doe and Roe, and used in their said business.

In witness whereof they have subscribed their names on the day and year above written.

JOHN DOE,
RICHARD ROE,
JOHN SMITH.

(15) Contract for Work and Labor

Agreement between Aaron Bell and Christopher Dye:

The said Christopher Dye hereby covenants and promises to faithfully work and labor for said Aaron Bell, for the term of six months, commencing on the first day of July, Nineteen Hundred and Fifteen, in the business of farming, and perform such other services and labor as the said Aaron Bell may reasonably require; for which the said Aaron Bell hereby covenants and agrees to pay said Christopher Dye, for said term of service at the rate of \$20 per month, at the end of each and every month.

Either party may put an end to this agreement by one month's verbal notice thereof; but in such case the said Aaron Bell agrees to pay the said Christopher Dye for the time he may have worked, at the rate of \$20 per month.

In witness whereof, the said parties have hereunto set their hands and seals, this Tenth day of June, Nineteen Hundred and Fifteen.

AARON BELL, (Seal)
CHRISTOPHER DYE. (Seal)

Attest:

THOMAS GLEASON.

CORPORATIONS

Below is given the Charter, By-Laws and the entire record of the transactions of The Independent Concrete Pipe Company, organized under Indiana laws. The procedure in that state is similar to most other states and therefore the greater portion if not all of the data can be used in all states.

(1) ARTICLES OF INCORPORATION of

The Independent Concrete Pipe Company

We, the undersigned, hereby associate ourselves together, pursuant to the statutes of Indiana, for the organization of corporations, by the following written articles:

ARTICLE ONE**Name**

The name shall be: **The Independent Concrete Pipe Company.**

ARTICLE TWO**(2) Capital Stock**

The capital stock of this Association shall be **Ten Thousand dollars (\$10,000)**, divided into **one hundred (100) shares of One Hundred dollars (\$100) each.**

ARTICLE THREE**(3) Object of Corporation**

The object of this Association and the proposed plan for the transaction of its business shall be:

To manufacture and license others to manufacture, maintain, conduct and manage the business of producing, purchasing, selling and dealing generally in re-enforced concrete, pipes, and any and all ingredients, products and compounds thereof, and all materials and apparatus that may be used in, or in connection with such manufacture.

To establish warehouses, agencies and depots for manufacturing and storing its concrete pipes, cements and other products. To enter into, make, form and carry out contracts of every kind, and for any lawful purpose, in carrying out the business for which it is organized, with any person, firm, association or corporation, private, public or municipal body politic.

To acquire, use, sell or lease patents in connection with its business, and to mortgage or otherwise dispose of its patents in the United States or any foreign country, in connection with the business of this corporation.

To draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange and other negotiable or transferable instruments.

To issue bonds, debentures or obligations from time to time, for any of the objects or purposes of the corporation, and to secure the same by mortgage, deed of trust, or otherwise.

To have one or more offices to carry on all or any of its operations and business, in the State of Indiana or elsewhere.

In general, to carry on any other business, in connection with the foregoing, whether manufacturing or otherwise, and to have and to exercise all the powers conferred by the laws of Indiana upon Corporations, which may be incidental to the purpose of carrying out its business.

ARTICLE FOUR

(4) Place of Operation

The business of this Corporation shall be carried on in: Vincennes, Indiana; Indianapolis, Indiana; and in foreign States, if the Corporation chooses to so act.

ARTICLE FIVE

(5) Number of Directors

There shall be three (3) directors of this Corporation who, after the first year, shall be elected annually by the stockholders. All of the corporate officers shall be appointed by the directors.

ARTICLE SIX

(6) Directors for the First Year

The following directors shall manage the business and prudential concerns of this Corporation for the first year of its existence:

John C. Scott,

John Scott,

Fred J. Smith.

ARTICLE SEVEN

(7) Term of Existence of Corporation

The Association shall have an existence of fifty (50) years from the date hereof.

IN WITNESS WHEREOF we have hereunto set our hands, this 9th day of June, A. D. 1914.

FRED J. SMITH,
JOHN C. SCOTT,
JOHN SCOTT.

State of Indiana, }
County of Marion. } ss.

BE IT REMEMBERED, That on this 9th day of June, A. D. 1914, before me, a Notary Public, in and for _____ County, Indiana, duly commissioned and qualified, personally appeared John C. Scott, John Scott and Fred J. Smith, the parties named in the foregoing Articles of Incorporation, and severally acknowledged the execution of the same.

IN WITNESS WHEREOF I have hereunto set my hand, and affixed my official seal, the day and year aforesaid.

(Seal)

G. E. MARTER,
Notary Public.
Marion County, Indiana.

INDEPENDENT CONCRETE PIPE COMPANY

BY-LAWS

Offices

1. The principal office shall be in the City of Indianapolis, County of Marion, State of Indiana, and the name of the agent in charge thereof shall be Howard Sherman.

The corporation may also have an office in the City of Vincennes, State of Indiana, and City of Chicago, State of Illinois, and also offices at such other places as the Board of Directors may from time to time appoint or the business of the Corporation require.

Seal

2. The Corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Indiana."

(9) Stockholders' Meetings

3. All meetings of the stockholders shall be held at the office of the corporation in Indianapolis or Vincennes.

4. The annual meetings of the stockholders, after the year 1914, shall be held on the **third Tuesday of January** in each year if not a legal holiday, and if a legal holiday, then on the day following, at **two (2) o'clock P. M.**, when they shall elect by a **plurality** vote, by ballot, a board of **three (3)** directors, to serve for **one** year and until their successors are elected or chosen and qualify.

5. The holders of a majority of the stock issued and outstanding, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by law, by the certificate of incorporation or by these by-laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders present in person, or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock shall be present. At such adjourned meeting at which the requisite amount of stock shall be represented any business may be transacted which might have been transacted at the meeting as originally notified.

6. At each meeting of the stockholders every stockholder shall be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder or by his duly authorized attorney and delivered to the inspectors at the meeting, and he shall have one vote for each share of stock registered in his name at the time of the closing of the transfer books for said meeting. No share of stock shall be voted on at any election which has been transferred on the books of the corporation within **twenty** days next preceding such election. The vote for Directors, and upon the demand of any stockholder, the vote upon any question before the meeting, shall be by ballot. All elections shall be had and all questions decided by a **plurality** vote.

7. Written notice of the annual meeting shall be mailed to each stockholder at such address as appears on the stock book of the corporation, at least **ten** days prior to the meeting.

8. A full list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the residence of each, and the number of shares held by each, shall be prepared by the secretary and filed in the office where the election is to be held, at least ten days before every election, and shall at all times, during the usual hours for business, be open to the examination of any stockholder.

9. Special meetings of the stockholders, for any purpose or purposes, other than those regulated by statute, may be called by the president, and shall be called by the president or secretary at the request in writing of a majority of the Board of Directors, or at the request in writing by stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding. Such request shall state the purpose or purposes of the proposed meeting.

10. Business transacted at all special meetings shall be confined to objects stated in the call and matters germane thereto.

11. Written notice of a special meeting of stockholders, stating the time and place and object thereof, shall be mailed, postage prepaid, at least ten (10) days before such meeting, to each stockholder at such address as appears on the books of the corporation.

(10) Directors

12. The property and business of this corporation shall be managed by its board of directors, three in number. They shall be elected by the stockholders, at the annual meeting of the stockholders of the corporation, and each director shall be elected to serve for the term of one year, and until his successor shall be elected and shall qualify.

13. In addition to the powers and authorities by these by-laws expressly conferred upon them, the board may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

14. Without prejudice to the general powers conferred by the last preceding clause, and the other powers conferred by statute, by the certificate of incorporation and by these by-laws, it is hereby expressly declared that the Board of Directors shall have the following powers, that is to say:

(1) From time to time to make and change rules and regulations, not inconsistent with these by-laws or charter, for the management of the corporation's business and affairs.

(2) To purchase, or otherwise acquire for the corporation any property, rights, or privileges which the corporation is authorized to acquire, at such price or consideration and generally on such terms and conditions as they think fit.

(3) At their discretion to pay for any property or rights acquired by the corporation, either wholly or partly in money, stock, bonds, debentures, or other securities of the corporation.

(4) To create, make and issue mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, and to do every other act and thing necessary to effectuate the same.

(5) To appoint and at their discretion remove or suspend such subordinate officers, agents or servants, permanently or temporarily, as they think fit, and to determine their duties, and fix, and from time to time change their salaries or emoluments, and to require security in such instances and in such amounts as they think fit.

(6) To confer by resolution upon any appointed officer of the corporation the power to choose, remove or suspend such subordinate officers, agents or servants.

(7) To appoint any person or corporation to accept and hold in trust for the corporation any property belonging to the corporation, or in which it is interested, or for any other purpose, and to execute and do all such deeds and things as may be requisite in relation to any such trust.

(8) To determine who shall be authorized on the corporation's behalf to sign bills, notes, receipts, accept-

ances, endorsements, checks, releases, contracts and documents.

(9) To delegate any of the powers of the board in the course of the current business of the corporation to any standing or special committee or to any officer or agent or to appoint any persons to be the agents of the corporation with such powers (including the power to sub-delegate) and upon such terms as they think fit.

(11) Meetings of the Board

15. The newly elected board may meet at such place and time as shall be fixed by the vote of the stockholders at the annual meeting, for the purpose of organization and otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting; PROVIDED a majority of the whole board shall be present; or such place and time may be fixed by the consent in writing of all the directors.

16. Regular meetings of the board may be held without notice at such time and place as shall from time to time be determined by the board.

17. At all meetings of the board a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum, shall be the act of the board of directors, except as may otherwise specifically be provided by statute or by the certificate of incorporation or by these by-laws.

18. Special meetings of the board may be called by the president on **three days'** notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of **two** directors.

Officers

19. The officers of the corporation shall be a president, one or more vice-presidents, secretary, treasurer, assistant secretary and assistant treasurer. Any two of

the aforesaid offices, except those of **president and vice-president**, may be filled by the same person.

20. The board of directors, at its first meeting after each annual meeting of stockholders, shall elect by ballot a **president and vice-president** from their own number, and the board shall also annually choose a **secretary and a treasurer** who need not be members of the board.

21. The board may appoint such other officers and agents as it shall deem necessary, who shall have such authority and shall perform such duties as from time to time shall be prescribed by the board.

22. The salaries of all officers and agents of the corporation shall be fixed by the **Board of Directors**.

23. The officers of the corporation shall hold office for one year and until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors.

(12) Compensation of Directors

24. Directors, as such, shall not receive any stated salary for their services, but by resolution of the board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the board; PROVIDED, That nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

25. Members of special or standing committees may be allowed like compensation for attending committee meetings.

(13) The President

26. The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors; he shall have general and active management of the business of the corporation; shall see that all orders and resolutions of the board are carried into effect, subject, however, to the right of the directors to delegate any specific powers, except such

as may be by statute exclusively conferred on the president, to any other officer or officers of the corporation.

He shall execute all bonds, mortgages and other contracts requiring a seal, under the seal of the corporation; shall keep in safe custody the seal of the corporation, and when authorized by the board, affix the seal to any instrument requiring the same, and the seal when so affixed shall be attested by the signature of the secretary or the treasurer. He or the vice-president shall sign certificates of stock.

27. He shall be **EX OFFICIO** a member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of president of a corporation.

(14) Vice-Presidents

28. The vice-presidents, in the order of their seniority, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties as shall from time to time be imposed upon them by the board.

(15) The Secretary

29. The secretary shall attend all sessions of the board and all meetings of the stockholders and act as clerk thereof, and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, and under whose supervision he shall be. He shall be sworn to the faithful discharge of his duty.

30. The assistant secretary shall perform such duties as shall be imposed upon him by the board or by the secretary.

(16) The Treasurer

31. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accu-

rate account of receipts and disbursements in books belonging to the corporation and shall deposit all moneys, and other valuable effects, in the same and to the credit of the corporation, and in such depositories as may be designated by the Board of Directors.

32. He shall disburse the funds of the corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the corporation. He shall sign certificates of stock.

33. He shall give the corporation a bond required by the board of directors in a sum, and with one or more sureties satisfactory to the board, for the faithful performance of the duties of his office, and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

34. The assistant treasurer shall perform such duties as may be imposed upon him by the board or by the treasurer.

(17) Vacancies

35. If the office of any director, or of the president, vice-president, secretary or treasurer or other officer or agent, one or more, becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the directors then in office, although less than a quorum, may choose a successor or successors, who shall hold office for the unexpired term in respect of which such vacancy occurred.

(18) Duties of Officers May Be Delegated

36. In case of absence of any officer of the corporation, or for any other reason that the board may deem sufficient, the board may delegate the powers or duties of such officer to any other officer, or to any director, for the time being, PROVIDED a majority of the entire board concur therein.

(19) Certificates of Stock

37. The certificates of stock of the corporation shall be numbered and shall be entered in the books of the corporation as they are issued. They shall exhibit the holder's name and the number of shares and shall be signed by the president or vice-president and treasurer or assistant treasurer and shall bear the corporate seal.

(20) Transfers of Stock

38. Transfers of stock shall be made on the books of the corporation only by the person named in the certificate or by attorney, lawfully constituted in writing, and upon surrender of such certificates.

39. The board of directors may close the transfer books in their discretion for a period not exceeding thirty days preceding any meeting, annual or special, of the stockholders, or the day appointed for the payment of a dividend.

40. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claims to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of Indiana.

(21) Lost Certificate

41. Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and advertise the same in such manner as the board of directors may require, and shall give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the board, in at least double the par value of the stock represented by said certificate, whereupon a new certificate may be issued of the same tenor and for the same number of shares as the one alleged to be lost or destroyed, but always subject to the approval of the board of directors.

(22) Inspection of Books

42. The directors shall determine from time to time whether, and, if allowed, when and under what conditions and regulations the accounts and books of the corporation (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

(23) Checks

43. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

(24) Fiscal Year

44. The fiscal year shall begin the first day of **January** in each year.

(25) Dividends

45. Dividends upon the capital stock of the corporation, when earned, may be declared by the board of directors at any regular or special meeting.

Before payment of any dividend or making any distribution of profits, there shall be set aside out of the surplus or net profits of the corporation such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation.

(26) Directors' Annual Statement

46. The board of directors shall be present at each annual meeting, and when called for by the stockholders, at any special meeting of the stockholders, a full and clear statement of the business and condition of the corporation.

(27) Notices

47. Whenever, under the provisions of these by-laws, notice is required to be given to any director, officer or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by depositing the same in the postoffice or letter box, in a postpaid sealed wrapper, addressed to such stockholder, officer or director at such address as appears on the books of the corporation, or, in default of other address, to such director, officer or stockholder at the General Postoffice in the city of Indianapolis, Indiana, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Any stockholder, director, or officer may waive any notice required to be given under these by-laws.

(28) Amendments

50. The stockholders, by the affirmative vote of a majority of the stock issued and outstanding, may at any regular, or at any special meeting, alter or amend these by-laws, if notice thereof be contained in the notice of the meeting.

INDEPENDENT CONCRETE PIPE COMPANY

(29) Minutes of First Meeting of Incorporators

The first meeting of the incorporators was held on the 9th day of June, 1914, at 4 o'clock P. M., at the office of the corporation, at Indianapolis, Indiana, pursuant to a written waiver of notice signed by all the incorporators, fixing said time and place.

Said waiver is as follows:

INDEPENDENT CONCRETE PIPE COMPANY

(30) Waiver of Notice

MEETING OF INCORPORATORS

WE, THE UNDERSIGNED, being all the incorporators of the corporation above named, organized under the laws of the State of Indiana, having its principal office in Indianapolis, Indiana, do hereby waive notice of the time,

place and purpose of the first meeting of the incorporators of said corporation, and do fix the 9th day of June, 1914, at 4 o'clock in the afternoon, as the time, and the office of the corporation as the place of the first meeting of the incorporators.

AND we do hereby waive all the requirements of the statutes, both as to the notice of this meeting and the publication thereof.

DATED, the 9th day of June, 1914.

JOHN C. SCOTT,
JOHN SCOTT,
FRED J. SMITH.

The following incorporators were present in person:

JOHN C. SCOTT,
JOHN SCOTT,
FRED J. SMITH,

being all of the incorporators of the corporation.

Upon motion, Mr. John C. Scott was elected chairman, and Mr. Fred J. Smith was appointed secretary of the meeting.

The chairman reported that the certificate of incorporation of the corporation was filed in the office of the Secretary of State, on the 9th day of June, 1914, and a certified copy thereof was recorded on the 9th day of June, 1914, in the office of the Recorder of the County of Marion, and the secretary was instructed to cause a copy of such certificate of incorporation to be prefixed to the minutes.

The secretary presented a form of by-laws, for the regulation of the affairs of the incorporation which were read, article by article.

Upon motion, duly made, seconded and carried, said by-laws were unanimously adopted, and the secretary was instructed to cause the same to be inserted in the minute book immediately following the copy of the certificate of incorporation.

Upon motion, duly made, seconded and carried, the meeting thereupon adjourned.

FRED J. SMITH,
Secretary of the Meeting.

INDEPENDENT CONCRETE PIPE COMPANY

(31) First Meeting of Directors

The first meeting of the board of directors was held at No. 909 State Life Bldg, in the City of Indianapolis, Indiana, on the 9th day of June, 1914, at 4:30 o'clock P. M.

Present: Messrs:

John C. Scott,

John Scott,

Fred J. Smith,

constituting a majority of the board.

Mr. John C. Scott was chosen temporary chairman, and Mr. Fred J. Smith was appointed temporary secretary of the meeting.

The secretary presented and read a waiver of notice of the meeting, signed by all the directors.

Said waiver is as follows:

INDEPENDENT CONCRETE PIPE COMPANY

(32) Waiver of Notice

FIRST MEETING OF THE BOARD OF DIRECTORS

WE, THE UNDERSIGNED, being the directors designated and authorized by the charter of the above named corporation, do hereby waive notice of the time, place and purpose of the first meeting of directors of this corporation.

We designate the 9th day of June, 1914, at 3 o'clock P. M., as the time, and No. 909 State Life Bldg., Indianapolis, Indiana, as the place of said meeting, the purpose of said meeting being to elect officers, in accordance with the Statute of the State of Indiana, and to act upon a proposal submitted by Howard Schurmann.

JOHN C. SCOTT,

JOHN SCOTT,

FRED J. SMITH.

The minutes of the first meeting of the incorporators were read. The following were nominated for officers of the company, to serve for one year and until their successors are chosen and qualified:

President, John C. Scott;
Vice-president, Fred J. Smith;
Secretary, John Scott;
Treasurer, Fred J. Smith.

A ballot having been duly had, and all the directors having voted, the chairman announced that the aforesaid persons had been unanimously chosen officers of the corporation.

The president thereupon took the chair.

It was ordered that the secretary take the oath of office and subscribe the written oath in the form presented at this meeting. The secretary thereupon took and subscribed the oath and entered upon the discharge of his duties.

Said secretary's oath is as follows:

INDEPENDENT CONCRETE PIPE COMPANY

(33) Secretary's Oath

State of Indiana, }
County of Marion. } ss.

I, John Smith, do solemnly promise and swear that I will faithfully, impartially and justly perform the duties of secretary of the Independent Concrete Pipe Company, a corporation of the State of Indiana, according to the best of my abilities and understanding. So help me God.
JOHN SCOTT.

SUBSCRIBED AND SWORN TO before me, this
9th day of June, A. D. 1914.

(Seal) **HARVEY B. MARTIN,**
Notary Public.
Notary Public, Marion County, Ind. My Commission expires May 5, 1915.

It was ordered that the treasurer take the oath of office and subscribe the written oath in the form presented at this meeting. The treasurer thereupon took and subscribed the oath and entered upon the discharge of his duties.

Said treasurer's oath is as follows:

INDEPENDENT CONCRETE PIPE COMPANY

(34) Treasurer's Oath

State of Indiana, }
County of Marion. } ss.

I, Fred J. Smith, do solemnly promise and swear that I will faithfully, impartially and justly perform the duties of treasurer of the **Independent Concrete Pipe Company**, a corporation of the State of Indiana, according to the best of my abilities and understanding. So help me God.

FRED J. SMITH

SUBSCRIBED AND SWORN TO before me, this
9th day of June, A. D. 1914.

HARVEY B. MARTIN,

(Seal)

Notary Public.

Notary Public, Marion County, Ind. My Commission expires May 5, 1915.

Upon motion, duly made, seconded and carried, the president was authorized to accept bond, in accordance with the statute, from the secretary and treasurer, and to present the same for the acceptance of the board of directors at the following meeting of the said board.

Upon motion, duly made, seconded and carried, the form of stock certificate presented, was adopted.

Upon motion, duly made, seconded and carried it was resolved that the seal, an impression of which is herewith affixed, be adopted, as the corporate seal of the corporation.

(Seal)

The secretary was authorized and directed to procure the proper corporate books.

Upon motion duly made, seconded and carried, the following resolutions were unanimously adopted:

WHEREAS, Howard Schurmann, of the City of Indianapolis, Indiana, has made the following proposal, and has offered to sell to this corporation, the property mentioned, in accordance with the following letter:

Vincennes, Indiana, June 8th, 1914.

Independent Concrete Pipe Company,
Indianapolis, Indiana.

Gentlemen:

I hereby make you the following proposition, namely that, for and in consideration of your issuing and transferring to me, **Ninety (90)** shares of the capital stock of your corporation, of the par value of **one hundred dollars (\$100)** each, I will, in full payment thereof, procure and transfer to your corporation, all the right, title and interest in the following contract:

Contract

THIS AGREEMENT, made at **Chicago, Illinois**, this **21st** day of **April, 1914**, between **Independent Concrete Pipe Company (not incorporated)**, having its principal place of business in **Chicago, Illinois**, hereinafter, for convenience, called the **Manufacturer**, the party of the first part, and **John J. Quinn**, the party of the second part, **WITNESSETH:**

That in consideration of the mutual promises and covenants hereinafter mentioned, the parties hereto agree each with the other as follows:

FIRST, The **Manufacturer** hereby agrees to manufacture for and sell and deliver to the contractor in accordance with specifications on file with the city engineer, and by reference hereby made a part hereof, reinforced concrete pipe in the amounts, of the sizes and for the prices hereinafter stated, to-wit:

630 feet more or less of 30-inch pipe at \$1.40 per foot.
1520 feet more or less of 36-inch pipe at \$1.75 per foot.
640 feet more or less of 42-inch pipe at \$2.25 per foot.
2365 feet more or less of 48-inch pipe at \$2.65 per foot.
1210 feet more or less of 54-inch pipe at \$3.15 per foot.
1710 feet more or less of 60-inch pipe at \$3.70 per foot.
according to the measurements of the city engineer of the **City of Vincennes, Indiana**.

SECOND, the **Manufacturer** agrees to manufacture said pipe along the line of the proposed trench as will be most convenient for the manufacture of said pipe, the point of making to be the point of delivery.

THIRD, the contractor agrees to pay for said pipe so manufactured and delivered, the prices hereinafter set forth in the following manner: Bills will be rendered monthly and shall be due sixty (60) days from the fifteenth (15th) of the month in which the pipe were manufactured. Payments shall be made in New York or Chicago Exchange.

FOURTH, the Manufacturer agrees to ship forms within ten (10) days from the date hereof, and thereafter to prosecute the manufacture of said pipe with reasonable diligence until all of said pipe has been manufactured; delays caused by strikes, fires, transportation companies or other causes beyond the control of said manufacturer being hereby excepted.

FIFTH, the Manufacturer guarantees that the contractor at no time will want for pipe.

WITNESS, the hands and seals of the parties hereto:

Independent Concrete Pipe Company, (Seal)

By **HOWARD SCHURMANN**,
General Manager.

JOHN J. QUINN, (Seal)
Contractor.

In taking over this contract the corporation must also assume my liabilities, under contract with William M. Alsop.

DATED, May 14, 1914.

Also my liabilities under contract with Robert W. Reid.

DATED, May 16, 1914.

An acceptance of the above main contract with John J. Quinn must include these two which are incidental to the first.

If this proposal is satisfactory, kindly indicate your acceptance of the same, at an early date.

Respectfully yours,

HOWARD SCHURMANN.

WHEREAS, It appears to the board that such contract, as indicated in the above letter, is necessary for the business of this corporation, and is of the value of the stock to be issued therefor,

NOW, therefore, BE IT RESOLVED, that this corporation accept the offer of the said **HOWARD SCHURMANN** to sell to this corporation the property hereinabove mentioned, which said property the board of directors do hereby adjudge and declare to be of the value of the stock issued therefor.

FURTHER RESOLVED that the president and secretary of this corporation be, and they are hereby authorized to execute, in the name of and on behalf of this corporation, and under its corporate seal, such agreement, as may be necessary for the taking over of said contract by this corporation, and that a copy thereof be inserted in the minute book, for the purpose of reference.

Upon motion, duly made, seconded and carried, the meeting was adjourned.

JOHN SCOTT,
Secretary.

INDEPENDENT CONCRETE PIPE COMPANY

(35) Special Meeting of the Directors

A special meeting of the board of directors was held at No. 909 State Life Bldg., Indianapolis, Indiana, on the 9th day of June, 1914, at 3:30 o'clock P. M.

Present:

John C. Scott,

John Scott,

Fred J. Smith.

Mr. John C. Scott, president, presided, and Mr. John Scott was secretary of the meeting.

The secretary presented and read a waiver of notice at the meeting, signed by all of the directors.

Said waiver is as follows:

INDEPENDENT CONCRETE PIPE COMPANY

(36) Waiver of Notice

SPECIAL MEETING OF DIRECTORS

WE, THE UNDERSIGNED, directors of the above named corporation, do hereby waive notice of the time,

place and purpose of the special meeting of the board of directors.

We designate the 9th day of June, 1914, at 5:30 o'clock P. M., as the time, and No. 909 State Life Bldg., Indianapolis, Indiana, as the place of said meeting, purpose of said meeting being to pass on the resignation of Fred J. Smith, as director and officer, and to elect someone to fill his place.

DATED, June 9, 1914.

**JOHN C. SCOTT,
JOHN SCOTT,
FRED J. SMITH.**

Mr. Fred J. Smith presented to the meeting his resignation as director and officer of this corporation, as follows:

**Independent Concrete Pipe Company,
Indianapolis, Indiana.**

Gentlemen:

I hereby tender my resignation, as director and officer in your corporation.

FRED J. SMITH.

Upon motion duly made, seconded and carried, the resignation of Mr. Fred J. Smith was accepted.

Upon motion duly made, seconded and carried, Mr. Howard Schurmann was unanimously elected director of this corporation.

Upon motion duly made, seconded and carried, Mr. Howard Schurmann was elected vice-president and treasurer of this corporation.

It was ordered that the treasurer take the oath of office, and subscribe the written oath in the form presented at this meeting. The treasurer thereupon took and subscribed the oath, and entered upon the discharge of his duties.

Said treasurer's oath is as follows:

INDEPENDENT CONCRETE PIPE COMPANY**(37) Treasurer's Oath**

State of Indiana, }
 County of Marion. } ss.

I, **Howard Schurmann**, do solemnly promise and swear that I will faithfully, impartially and justly perform the duties of treasurer of the **Independent Concrete Pipe Company**, a corporation of the State of **Indiana**, according to the best of my abilities and understanding. So help me God.

HOWARD SCHURMANN.

SUBSCRIBED AND SWORN TO before me, this 10th day of June, A. D. 1914.

WILLIAM F. CALVERLEY,

(Seal)

Notary Public.

My Commission expires on May 22, 1918.

Upon motion duly made, seconded and carried, the president was authorized to accept bond, in accordance with the statute, from the treasurer, and to present the same, for the acceptance of the board of directors, at the following meeting of said board.

Upon motion duly made, seconded and carried, Mr. **Howard Schurmann** was elected general manager of this corporation, and was authorized, as such, to carry on the business for which this corporation was organized.

Upon motion duly made, seconded and carried, the meeting thereupon adjourned.

JOHN SCOTT,
 Secretary.

(38) Affidavit of Mailing Notice of Meeting

State of Illinois, }
 County of Cook. } ss

John Doe, William Green and Samuel Davis being duly sworn, on oath depose and say that they are the commissioners duly authorized to open books of subscription

to the capital stock of the United States Transit Company, pursuant to license heretofore issued, bearing date the 1st day of June, A. D. 1915; that on the 5th day of June, A. D. 1915, they caused a copy of the notice of the meeting of the said company, a copy of which is hereinabove annexed, to be mailed in a sealed wrapper, postage prepaid, addressed to each subscriber to the capital stock of said company.

JOHN DOE,
WILLIAM GREEN,
SAMUEL DAVIS,
Commissioners.

SUBSCRIBED AND SWORN TO before me, this
22nd day of June, 1915.

JOHN JONES,
Notary Public.

(39) Proxy, or Power of Attorney to Vote

KNOW ALL MEN BY THESE PRESENTS, That I, David Mack, of St. Louis, Mo., hereby appoint Richard Roe to be my substitute and proxy for me, and in my name and behalf to vote at any election of directors or other officers, and at any meeting of the stockholders of the United States Transit Corporation, as fully as I might or could were I personally present.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 18th day of October, 1912.

DAVID MACK. (Seal)

Witness present,
Samuel Davis.

(40) Subscription for Stock in Corporation

I, the undersigned, do hereby subscribe for ten shares of the capital stock of the UNITED STATES TRANSIT CORPORATION, and waiving all necessary assessments, I agree to pay the said corporation for each of said shares the sum of One Hundred dollars (\$100) in two equal installments, one of the said installments to be paid on the

1st day of December, 1914, and one on the 15th day of January, 1915, a certificate for the first of said shares to be issued and delivered to me when each of said installments is paid; all payments to be made at the office of the said company, and said certificates for the said shares to be delivered to me by said company.

WITNESS my hand and seal this 14th day of November, A. D. 1914.

JOHN DOE (Seal)

(41) Agreement to Deliver Stock Subscribed For

KNOW ALL MEN BY THESE PRESENTS, That whereas, John Doe, hereinafter referred to as the Subscriber, has this day subscribed for ten shares of the capital stock of the United States Transit Corporation;

NOW, THEREFORE, in consideration of the premises, we, Gorham & Company, of the City of Chicago, State of Illinois, do hereby covenant and agree to convey and transfer or cause to be conveyed and transferred to the said Subscriber ten shares of the capital stock of said company, full paid and non-assessable, when he shall have paid in full for said shares of preferred stock subscribed for as aforesaid.

WITNESS our hands and seals this 14th day of November, A. D. 1915.

EDGAR GORHAM (Seal)
HENRY GORHAM (Seal)

(42) Stock Certificate

Incorporated Under the Laws of the State of Delaware	
Number	Shares
2	10.

CHICAGO CAR COMPANY

Capital Stock

Common \$100,000.00

Preferred \$25,000.00

THIS CERTIFIES THAT HOWARD SHERMAN is the owner of Ten Preferred Shares of the Capital Stock of CHICAGO CAR COMPANY, full paid and non-assess-

able, transferable only on the books of this Corporation in person or by Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and its Corporate Seal to be
(Seal) hereunto affixed at Chicago, Illinois, this 10th day of January, A. D. 1915.

A. J. MEADE,
Treasurer.

W. S. WILLIAMS,
President.

Shares \$100 Each

(43) Transfer of Stock Certificate

FOR VALUE RECEIVED, I hereby sell, assign and transfer unto JAMES LEWIS TEN Shares of the Capital Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint WILLIAM SPENCER Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated Jan. 15, 1915.

In presence of

SIMON FILIGREE

HOWARD SHERMAN

DEEDS

As every deed is a contract, the rules affecting the validity of contracts apply to deeds. A greater formality, however, attends its execution. It must be in writing, signed by the grantor or his duly authorized agent, and either sealed or the signature witnessed. In some States both seal and witnesses are required. As between the parties a deed signed and sealed or witnessed is valid, but to entitle it to be recorded, and thus give it priority over deeds to the same property not recorded, a deed must be duly acknowledged.

Seals and Witnesses to Deeds. The law in regard to the use of a private seal and witnesses in the case or the execution of instruments in writing is not uniform in the several States. In a general way it may be stated that

a seal is still necessary in the Eastern States, but has been abolished in the Western States by statute.

In like manner, witnesses are necessary in some States and unnecessary in other States. Generally where an instrument has to be signed, sealed and acknowledged before a public official, witnesses are not necessary. The statutes should be consulted in each case. In some states the certificate of acknowledgment must show the date of the expiration of the commission of the official taking the acknowledgment, and his signature should be followed by the words "My commission expires (give date)."

The requirements of the several states are as follows:

STATE	(1) SEAL	(2) WITNESSES
Alabama	Not Necessary	Not if acknowledged
Arizona	Not Necessary, only corporation	Not if acknowledged
Arkansas	Not Necessary	Necessary
California	Not Necessary	Not Necessary
Colorado	Not Necessary	If acknowledged
Connecticut	Necessary	Necessary
Delaware	Scroll Sufficient	Necessary
District of Columbia	Necessary	Customary
Florida	Scroll	Necessary
Georgia	Necessary	Necessary
Idaho	Not Necessary, only corporation	Necessary
Illinois	Necessary	Not Required
Indiana	Necessary	Not Necessary
Iowa	Not Necessary, only corporation	Not Required
Kansas	Not Necessary, only corporation	Not Necessary
Kentucky	Not Necessary	For deeds only
Louisiana	Not Necessary	Necessary
Maine	Necessary	For deeds only
Maryland	Necessary	Necessary
Massachusetts	Necessary	One for execution only

STATE	SEAL	WITNESSES
Michigan	Scroll Sufficient	Required
Minnesota	Not Necessary, only corporation	Necessary
Mississippi	Not Necessary, only corporation	Not if acknowledged
Missouri	Not Necessary, only corporation	Not Required
Montana	Not Necessary	Not Necessary
Nebraska	Not Necessary, only corporation	Required
Nevada	Necessary	Required
New Hampshire	Necessary	Necessary
New Jersey	Scroll Sufficient	Not Required
New Mexico	Not Necessary, only corporation	Not Required
New York	Any Substitute sufficient	Not if acknowledged
North Carolina	Required	Not if acknowledged
North Dakota	Not Required	Not if acknowledged
Ohio	Not Necessary, only corporation	Required
Oklahoma	Not Necessary, only corporation	Not Necessary
Oregon	Necessary	Necessary
Pennsylvania	Scroll Sufficient	Not if acknowledged
Rhode Island	Not Required	Not Required
South Carolina	Required	Required
South Dakota	Not Necessary	Not if acknowledged
Tennessee	Not Necessary, only corporation	Not if acknowledged
Texas	Not Necessary, only corporation	Not if acknowledged
Utah	Not Necessary, only corporation	Not if acknowledged
Vermont	Required	Required
Virginia	Scroll Sufficient	Not if acknowledged
Washington	Not Required	Not Necessary
West Virginia	Scroll Sufficient	To prove deed only
Wisconsin	Scroll Sufficient	Required
Wyoming	Not Necessary, only corporation	Required

(3) WARRANTY DEED—STATUTORY FORM

THE GRANTOR, John Doe of the City of Chicago, in the County of Cook, and State of Illinois, in consideration of the sum of Two Hundred dollars, in hand paid, conveys and warrants to Richard Roe of the City of Chicago, County of Cook, and State of Illinois, the following described Real Estate, to-wit: Lot one, in Block two of Section one, Township two, North, Range three, East of Third Principal Meridian, situated in the City of Chicago, in the County of Cook and State of Illinois, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of the State of Illinois.

DATED, This 20th day of June, A. D. 1915.

JOHN DOE (Seal)

(4) WARRANTY DEED—GENERAL

THIS INDENTURE, Made this 15th day of June, in the year of Our Lord one thousand nine hundred and fifteen, between Richard Hall, of the City of Vincennes, in the County of Knox, and State of Indiana, and George Ball, of the same place.

WITNESSETH, That the said Hall, for and in consideration of the sum of Two Thousand dollars in hand paid by the said Ball (the receipt whereof is hereby acknowledged, and the said Ball forever released and discharged therefrom), has granted, bargained, sold and conveyed unto the said Ball and to his heirs and assigns forever, all the following described lot, piece, or parcel of land with the building thereon, situated in the City of Vincennes, County of Knox and State of Indiana, and known and described as follows, to-wit: No. 297 Main Street, being the southwest corner of Main and State Streets, and comprising fifty feet frontage on said Main Street, and fifty feet frontage on State Street, and containing 2500 square feet, more or less.

TOGETHER WITH ALL AND SINGULAR, The hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and pro-

fits thereof; and all the estate, right, title, interest, claim or demand whatsoever, of the party of the first part, either in law or equity, of, in, and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the said party of the second part, his heirs and assigns, forever.

AND the said **Richard Hall**, his heirs, executors, and administrators does covenant, grant, bargain, and agree, to and with the said **Ball**, his heirs and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the premises above conveyed, as of a good, sure, perfect, absolute, and indefeasible estate of inheritance in law, in fee simple, and has good right, full power, and lawful authority to grant, bargain, sell and convey the same in manner and form aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments, and encumbrances, of what kind or nature soever; and the above bargained premises, in the quiet and peaceable possession of the said **Ball**, his heirs and assigns, against all and every other person or persons lawfully claiming or to claim the whole or any part thereof, the said **Hall** shall and will **WARRANT AND FOREVER DEFEND**.

AND the said **Hall** hereby expressly waives and releases any and all right, benefit, privilege, advantage and exemption, under or by virtue of any and all Statutes of the State of **Indiana**, providing for the exemption of homesteads from sale on execution or otherwise.

IN WITNESS WHEREOF, **Hall** has hereunto set his hand and seal, the day and year first above written.

Signed, sealed and delivered

in the presence of

RICHARD HALL (Seal)

JOHN SIMPSON

JAMES GORMAN

(5) WARRANTY DEED—GOOD FOR ANY STATE

THIS INDENTURE, made this fifteenth day of **January** in the year of Our Lord one thousand nine hundred

and fifteen, between John Doe and Mary Doe, his wife of the City of Cincinnati in the County of Hamilton and State of Ohio, party of the first part, and Richard Roe of the City of Chicago in the County of Cook and State of Illinois, party of the second part.

WITNESSETH, that the said party of the first part, for and in consideration of the sum of \$1,000 in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, and the said party of the second part forever released and discharged therefrom, have granted, bargained, sold, remised, released, conveyed, aliened and confirmed, and by these presents do grant, bargain, sell, remise, release, convey, alien and confirm, unto the said party of the second part, and to his heirs and assigns forever, all the following described lot, piece or parcel of land, situated in the County of Hamilton, and State of Ohio and known and described as follows, to-wit: (describe property) together with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim or demand whatsoever, of the said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances: To have and to hold the said premises above bargained and described, with the appurtenances unto, the said party of the second part, his heirs and assigns, forever.

AND the said John Doe and Mary Doe, party of the first part, for themselves, their heirs, executors and administrators, do covenant, grant, bargain and agree, to and with the said party of the second part, their heirs and assigns, that at the time of the ensealing and delivery of these presents, they were well seized of the premises above conveyed, as of a good, sure perfect, absolute and indefeasible estate of inheritance in law, in fee simple, and have good right, full power, and lawful authority to grant, bargain, sell and convey the same in manner and form aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes,

assessments and encumbrances, of what nature soever: and the above bargained premises, in the quiet and peaceable possession of the said party of the second part, his heirs and assigns, against all and every other person or persons lawfully claiming or to claim the whole or any part thereof; the said party of the first part shall and will warrant and forever defend.

AND the said parties of the first part hereby expressly waive and release any and all right, benefit, privilege, advantage and exemption, under or by virtue of any and all statutes of the State of Ohio providing for the exemption of homesteads from sale on execution or otherwise.

IN WITNESS WHEREOF, the said parties of the first part have hereunto set their hands and seals, the day and year first above written.

Signed, Sealed and Delivered

in presence of:

ARTHUR BROWN

JOHN KINSLEY

JOHN DOE (Seal)

MARY DOE (Seal)

RICHARD ROE (Seal)

STATE OF OHIO, }
County of Hamilton. } ss.

I, **James Flint**, a notary public in and for said county, in the state aforesaid, do hereby certify, that **John Doe** and **Mary Doe** who are personally known to me to be the real persons whose names are subscribed to the within deed as having executed the same, appeared before me this day, in person, and acknowledged that they signed, sealed and delivered the said instrument of writing as their free and voluntary act, for the uses and purposes therein set forth, and thereby conveyed all their right, title and interest in and to the premises described in said instrument, and expressly waived and released all right, title and benefit of exemption under any and all homestead exemption laws, so called, of said state of Ohio.

AND the said **Mary Doe**, wife of the said **John Doe** having been by me examined, separate and apart from, and out of the hearing of her husband, and the contents

and meaning of said instrument, and all her right under the homestead laws of the State of Ohio having been by me made known and fully explained to her, acknowledged it to be her act and deed, and that she had executed the same, and relinquished her dower and all other right, title and interest in and to the lands and tenements therein mentioned, and expressly waived and released all her right and advantage under and by virtue of said State of Ohio relating to the exemption of homesteads, all voluntarily and freely, and without the compulsion of her said husband, and that she does not wish to retract the same.

GIVEN under my hand and official seal, this fifteenth day of January, nineteen hundred and fifteen.

(Official signature and seal.)

(6) TRUST DEEDS

THIS INDENTURE, made this fifteenth day of January, nineteen hundred and fifteen, between Charles Smith of Oak Park, County of Cook and State of Illinois, of one part, and George Gazlay, of the City of Chicago, in said state, of the other part.

WHEREAS, the said Charles Smith is desirous to make provision for his daughter, Caroline Smith, now of the age of twenty-one years, against future contingencies, and for her maintenance and support; and whereas, the said Charles Smith is desirous that his said daughter should enjoy the proceeds, rents, issues, and income of the real estate hereinafter more particularly described, during the term of her natural life, free from the control, liabilities, or interference, of any husband that she may hereafter have:

NOW, therefore, this indenture witnesseth, that the said Charles Smith, in consideration of the premises, and of the sum of one dollar, lawful money of the United States, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, hath bargained, sold, aliened, remised, released, conveyed, and confirmed, and by these presents doth bargain, sell,

alien, remise, release, convey, and confirm unto the said party of the second part, all that certain lot, piece, or parcel of land situate, lying, and being in said city of Chicago, to-wit: (describe property) together with all and singular the tenements, hereditaments, and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof; and also all the estate, right, title, interest, property, possession, claim, and demand whatsoever, as well at law as in equity, of the said party of the first part, of, in, or to the above described premises, and every part and parcel thereof, with the appurtenances. To have and to hold all and singular the above mentioned and described premises, together with the appurtenances, unto the said George Gazlay, his successors and assigns—(if the trust is to be in fee, then in place of the words “successors and assigns” insert the words “heirs and assigns” forever.”)

In trust, and to and for the several uses, intents and purposes hereinafter mentioned, namely:

First. In trust to lease the same, and to take, collect, and receive the rents, issues and profits thereof; and out of the same to keep the said premises in good order and repair, and properly insured, and pay all taxes, assessments and charges that may be imposed thereon.

Secondly. In trust to pay the residue of such rents, issues and income to my daughter, Caroline Smith, upon her sole and separate receipt, to the intent and purpose that she may enjoy, possess, and have the same, free from the control, interference, or liabilities of any husband she may hereafter have, during the term of her natural life.

Thirdly. In trust to convey the said land and premises to such person or persons as she, the said Caroline Smith, by her last will and testament, or by an instrument in the nature of a last will and testament, subscribed by her in the presence of two creditable witnesses, notwithstanding her coverture, may direct and appoint.

AND the said Charles Smith hereby declares, that upon the decease of his said daughter, Caroline Smith,

the said trusts shall cease and determine, and the land and premises above described, shall belong, in fee simple absolute, to such person or persons as the said **Caroline Smith**, shall, as aforesaid, direct and appoint; and in default of such appointment, shall revert to the said **Charles Smith**, the grantor herein named, and to his heirs, to his and their sole use, benefit and behoof, forever.

AND the said party of the second part doth hereby signify his acceptance of this trust, and doth hereby covenant and agree, to and with the said party of the first part, faithfully to discharge and execute the same according to the true intent and meaning of these presents.

IN WITNESS WHEREOF, the said parties have hereunto set their hands and seals, the day and year above written.

Signed, Sealed and Delivered
in presence of

JOHN DRAKE
JAMES ASHER

CHARLES SMITH (Seal)
GEORGE GAZLAY (Seal)

This must be acknowledged in same form as other deeds.

(7) Deed of Property by a Corporation

KNOW ALL MEN BY THESE PRESENTS, That **The Queen City Cooper Company**, a corporation, in consideration of \$5,000 to be paid by the **Rising Sun Insurance Company**, a corporation, the receipt whereof is hereby acknowledged, do hereby grant, bargain, sell and convey to the said **The Rising Sun Insurance Company**, its successors and assigns forever, (describe property), and all the estate, title and interest of the said **The Queen City Cooper Company**, either in law or equity, of, in and to the said premises, together with all the privileges and appurtenances to the same belonging, and all the rents, issues and profits thereof, to have and to hold the same to the only proper use of the said **Rising Sun Insurance Company**, its successors and assigns forever. And the

said **The Queen City Cooper Company**, for itself and for its successors, does hereby covenant with the said **The Rising Sun Insurance Company**, its successors and assigns, that it is the true and lawful owner of the said premises, and has full power to convey the same; that the title, so conveyed, is clear, free, and unincumbered; and further, that it will warrant and defend the same against all claim, or claims, of all persons whomsoever.

IN WITNESS WHEREOF, the said **The Queen City Company**, by resolution duly passed, has hereunto caused its corporate name and seal to be signed and affixed by **John Doe**, its president, and **Richard Roe**, its secretary, and these presents to be subscribed and sealed by its said president and secretary, this fifteenth day of **January**, in the year of our Lord nineteen hundred and fifteen.

The Queen City Cooper Company,
By **JOHN DOE**, (Seal)
President of **Queen City Cooper Company.**
RICHARD ROE, (Seal)
Secretary of **Queen City Cooper Company.**
(Corporate Seal)

Signed, Sealed and Acknowledged
in presence of
John Smith,
Robert Brown.

State of Illinois, }
County of Cook. } ss.

BE IT REMEMBERED, That on the fifteenth day of **January**, in the year of our Lord nineteen hundred and fifteen, before me, the subscriber, a notary public in and for said county, personally came **The Queen City Cooper Company**, by **John Doe**, its president, and **Richard Roe**, its secretary, who are personally known to me, and grantor in the foregoing deed, and acknowledged the signing and sealing thereof to be its and their voluntary act and deed, for the uses and purposes therein mentioned. And the said **John Doe** and **Richard Roe**, being by me duly sworn, said that the said **John Doe** was president of **The Queen City Cooper Company**, and the said **Richard Roe** was secretary thereof; that they knew the

corporate name and seal of the said **The Queen City Cooper Company**; that the name and seal signed and affixed to the above deed is such corporate name and seal; that they were signed and affixed by order of the board of directors of said corporation, and that they, and each of them, signed his name and seal thereto by the like order as president and secretary thereof.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name, and affixed my notarial seal, on the year and day aforesaid.

(Official signature and seal.)

(8) Corporate Warranty Deed

KNOW ALL MEN BY THESE PRESENTS, That the **Crane Canning Company**, a corporation organized under and by virtue of the laws of the State of **Illinois**, duly authorized and empowered hereto by proper resolution of its board of directors, for the consideration of the sum of \$5,000, paid and to be paid by **John Doe**, as follows, to-wit: \$1,000 cash in hand (the receipt of which is hereby acknowledged), and the remainder in two notes of \$2,000 each of even date with this deed, payable to the order of the **Crane Canning Company** at the **First National Bank, Chicago, Illinois**, bearing interest from date until paid, at the rate of 6 per cent per annum, do hereby grant, bargain, and sell unto the said **John Doe**, and unto his heirs and assigns forever, the following lands lying in the County of **Cook**, and State of **Illinois**, to-wit: (describe real estate).

TO HAVE AND TO HOLD the same unto the said **John Doe** and unto his heirs and assigns forever, with all appurtenances thereunto belonging.

AND said grantor hereby covenants with the said **John Doe** that it will forever warrant and defend the title to said lands against all claims whatever, and that said lands are free from all liens and incumbrances. It being herein expressly understood that a lien is hereby retained upon said lot or parcel of land to secure payment of residue of the purchase money hereinbefore mentioned.

IN TESTIMONY WHEREOF, The name of the grantor is hereunto affixed by its president and its seal affixed by its secretary, this fifteenth day of January, nineteen hundred and fifteen.

(Official Signature of Corporation, with Seal.)

State of Illinois, }
County of Cook. } ss.

BE IT REMEMBERED, That on this day came before me, an acting and duly commissioned notary public within and for the county and state aforesaid, Arthur Brown and Walter Brown, to me personally known, and known to be the president and secretary of said the Crane Canning Company, and acknowledged that they had executed the foregoing deed for the consideration and purposes therein contained and set forth, and as the act and deed of said corporation.

WITNESS my hand and seal as such notary public this fifteenth day of January, nineteen hundred and fifteen.

(Official Signature and Seal.)

(9) Quit-Claim Deed—General Form

THIS INDENTURE, Made this 20th day of June, in the year of our Lord one thousand nine hundred and fifteen, between John Doe of the City of Chicago, in the County of Cook, and State of Illinois, party of the first part, and Richard Roe, of the City of Chicago, in the County of Cook, and State of Illinois, party of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of **Four Hundred** dollars in hand paid by the said party of the second part (the receipt whereof is hereby acknowledged, and the said party of the second part forever released and discharged therefrom), has bargained, sold, conveyed, and by these presents does grant, bargain, sell and convey, unto the said party of the second part, and to his heirs and assigns forever, all the following described lot, piece,

or parcel of land, situated in the County of Cook, and State of Illinois, and known and described as follows, to-wit: Lot 45 in Block 8 in Field's Addition to Hyde Park, in Section 20, Township 40 North, Range 24, East of the Third Principal Meridian.

TO HAVE AND TO HOLD THE SAME, Together with all and singular the appurtenances and privileges thereunto belonging, or in any wise thereunto appertaining; and all the estate, right, title, interest, and claim whatever, of the said party of the first part, either in law or equity, to the only proper use, benefit, and behoof of the said party of the second part, his heirs and assigns, forever.

AND the said party of the first part hereby expressly waives and releases any and all right, benefit, privilege, advantage and exemption under or by virtue of any and all Statutes of the State of Illinois providing for the exemption of homesteads from sale on execution or otherwise.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

JOHN DOE. (Seal)

Signed, Sealed and Delivered
in the presence of
Andrew Collins.

(10) Mining Deed

THIS INDENTURE, Made this 20th day of June, A. D. 1915, between John Doe, of Brookville County, State of Colorado, of the first part, and Richard Roe, of the same place, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of **Four Hundred** dollars lawful money of the United States of America, to the said party of the first part in hand paid by the said party of the second part, at or before the ensealing and delivery of these presents (the receipt whereof is hereby confessed and acknowledged), has granted, bargained, sold, conveyed, and quit-claimed, and by these

presents does grant, bargain, sell, release, convey, and quit-claim unto the said party of the second part, his heirs and assigns forever, in and to the following described mining property, situated in the 24th district, in the County of Brookville, State of Colorado, to-wit:

That certain quartz-mining claim, lode, lead, ledge, or mineral deposit, known as the Weener claim, situated in Section 7, Township 43 North, Range 8, East of the Fourth Principal Meridian, together with all the dips, spurs, angles, and variations, also all the metals, ores, gold, and silver-bearing quartz, rock, and earth therein; and all the rights, privileges, and franchises thereto incident, appendant, and appurtenant, or therewith usually had and enjoyed; and also all singular the tenements, hereditaments, and appurtenances thereto belonging, or in any wise appertaining, and the rents, issues, and profits thereof; and also all the estate, right, title, interest, property, possession, claim, and demand whatsoever, as well in law as in equity, of the said party of the first part, of, in, or to the said premises, and every part and parcel thereof, with the appurtenances, to have and to hold, all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, his heirs and assigns forever.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

JOHN DOE. (Seal)

Signed, Sealed and Delivered
in presence of
Thomas Dunn.

LANDLORD AND TENANT

(1) Lease

The relation of landlord and tenant is created by a contract called a lease. A lease is as the word signifies a letting of property, and may be oral or written. If the contract is to exceed one year, it should be reduced to writing wherever the Statute of Frauds prevails.

Lease

THIS AGREEMENT, Made this 20th day of June, A. D. 1915, between John Doe, of Chicago, Illinois, hereinafter known as Doe, and Richard Roe, of said city, hereinafter known as Roe.

WITNESSETH, That Doe does hereby lease to Roe, the following described property, situated in the City of Chicago, County of Cook, and State of Illinois, viz: The premises known as No. 1234 W. Monroe Street, in said city, consisting of a fifty-foot lot with a three-story brick building thereupon, for the term of two years, beginning the 1st day of July, A. D. 1915, and ending the 30th day of June, A. D. 1917.

Roe agrees to pay as rent for said premises the sum of Three Thousand dollars annually, payable in equal monthly payments of Two Hundred and Fifty dollars each.

Roe covenants with Doe that at the expiration of the term of this lease he will yield up the premises to Doe without further notice, in as good condition as when the same were entered upon by Roe, loss by fire or inevitable accident, and ordinary wear excepted; and will pay all assessments that shall be levied upon said premises during said term for water tax.

Roe covenants that he will permit Doe to have free access to the premises hereby leased for the purpose of examining or exhibiting the same, or to make any needful repairs or alterations of such premises, which Doe may see fit to make; also to allow to have placed upon said premises at all times, notice of "For Sale" or "To Rent" and will not interfere with the same.

IT IS FURTHER AGREED by Roe that neither he nor his legal representatives will underlet said premises, or any part thereof, or assign this lease, or make any alterations, amendments, or additions to the buildings on said premises, without the written assent of Doe had thereto, and that neither he nor his legal representatives will use said premises for any purpose calculated to injure or deface the same, or to injure the reputation or credit of the premises or of the neighborhood.

IT IS FURTHER AGREED by **Roe** that he will keep said premises in a clean and healthy condition, in accordance with the ordinances of the city, and the directions of the Board of Health and Public Works.

AND IT IS FURTHER EXPRESSLY AGREED between the parties, that if default shall be made in the payment of the rent above reserved, or any part thereof, or in any of the covenants or agreements herein contained, to be kept by **Roe**, his heirs, executors, administrators, or assigns, it shall be lawful for **Doe** or his legal representatives into and upon said premises, or any part thereof, either with or without process of law, to re-enter and re-possess the same, and to distrain for any rent that may be due thereon, at the election of **Doe**; and in order to enforce a forfeiture for non-payment of rent, it shall not be necessary to make a demand on the same day the rent shall become due, but a demand and refusal or failure to pay at any time on the same day, or at any time on any subsequent day, shall be sufficient; and after such default shall be made, **Roe** and all persons in possession under him shall be deemed guilty of a forcible detainer of said premises under the statute.

IN WITNESS WHEREOF, The parties have hereunto set their hands and seals, the day and year first above written.

JOHN DOE, (Seal)
RICHARD ROE. (Seal)

(2) Farm Lease On Shares

THIS AGREEMENT, Made this 1st day of **March**, **A. D. 1912**, by and between **Henry Root**, hereafter known as **Root**, and **John Sawyer**, owner of the real estate hereinafter described, as **Sawyer**.

WITNESSETH, That **Root** hereby covenants and agrees to and with **Sawyer** for the consideration herein-after named, to well and faithfully till and farm, during the term of this contract, being from **April 1st, 1915**, to **March 31st, 1916**, in a good husbandman-like manner, and, according to the course of husbandry, the following

described premises and real estate, situate in **Ottawa County and State of Michigan, viz:**

All that tract of land comprising the northeast quarter of Sec. 48, Township 41 North, Range 26, East of the Third Principal Meridian.

AND said Root further covenants and agrees to sow and plant the said land in such crops consistent with good husbandry, as said Sawyer shall direct.

AND said Root also agrees to furnish at his own cost and expense, all power and convenient tools, teams, utensils, farm implements and machinery (except as hereinafter otherwise provided) to carry on and cultivate said farm during said term, and to furnish and provide all proper assistance and hire help in and about the cultivation and management of said farm, and to farm and cultivate the said lands in the best manner, and maintain and keep up the fences so as to protect said farm from injury and waste, and to watch, care for, and protect the fruit and shade trees thereon, and to cut no trees, and to commit no waste or damage on said real estate, and to suffer none to be done, and to crop and cultivate said lands and harvest, thresh and secure the crop grown thereon in farmerlike style and in the best possible manner during said term; and after the crop is off, to plow immediately, in a good and proper manner, so much and such parts of the said farm suitable for a succeeding crop as shall be plowed at the time said party of the first part takes possession thereof; and to keep up and maintain in good repair all structures, stables, cribs, fences, and improvements on said farm, and generally do and perform all proper and ordinary work, labor, care, and skill requisite, usual or necessary, to work and crop said premises in a manner and style, and to the best interests of the party of the second part; and further agrees not to remove any straw or manure from said farm, and not to sell or remove, or suffer to be sold or removed, any of the produce of said farm or premises, of any kind, character or description, until the division thereof, without the written consent of the party of the second part; and until such division, the title of all hay, grain, crops, and produce, raised, grown or produced on said premises, shall

be and remain in said second party of the second part. Upon the termination of this contract, in any way, said Root will yield up said premises to the said Sawyer, or his order, in good condition and repair.

AND said Root hereby agrees to pay and deliver to said Sawyer on the 1st day of **October, 1915**, the **one-fourth** part of the crops so raised on said lands, or **Eight Hundred** dollars for the use of the above described land for the above named term.

IN CONSIDERATION OF the faithful and diligent performance of the foregoing stipulations by said Root said Sawyer agrees, upon reasonable request thereafter made, to give and deliver on said farm, the **three-fourths** part of all grains, vegetables and other crops so raised and secured upon said farm during said term, for the sole use and benefit of Root; and said Root agrees, free of all expense to said Sawyer, to cut and harvest all hay during said term and store one-half of said hay crop in the barn on said tract for the sole use and benefit of Sawyer.

THIS CONTRACT is made with the understanding that said premises are at all times subject to sale, and in case of sale, said Root shall re-deliver possession of the same on **thirty days'** notice, provided he shall be paid **ten** dollars per acre for plowing he may have done on said land for the crop of season of 1915 and not seeded at time of sale, and be allowed to properly cultivate, harvest, and remove any crops that may have been seeded before the time of sale, provided the same are removed prior to **September 15, 1916**.

IN WITNESS WHEREOF, Said parties have hereunto set their hands and seals the day and year first above written.

Witnesses:

JAMES DAVIS
JOSEPH LUND

HENRY ROOT (Seal)
JOHN SAWYER (Seal)

**(3) NOTICE OF TERMINATION OF TENANCY
FROM YEAR TO YEAR**

To John Doe:

I HEREBY give you notice to quit and deliver up, on the 1st day of June, 1915, on which day the current year of said tenancy expires next after the end of the half year from the time of service of this notice, possession of the premises known as 45 North Dearborn Street, Chicago, Illinois, which you now hold of me as a yearly tenant.

RICHARD ROE

(4) LANDLORD'S NOTICE TO QUIT OR PAY RENT

TO Richard Roe:

YOU ARE HEREBY NOTIFIED, That there is now due me the sum of Two Hundred dollars, being rent for the premises situated in the City of Chicago, in Cook County, in the State of Illinois, and known and described as follows: viz, 4325 Elm Street.

AND you are further notified, that payment of said sum, so due, has been and is hereby demanded of you, and that unless payment thereof is made on or before the 30th day of June, A. D. 1915, your lease of said premises will be terminated.

Green & Jones, Agents, are hereby authorized to receive said rent so due, for me, on said property.

DATED this 18th day of June, A. D. 1915.

JOHN UTT,
Landlord

(5) LANDLORD'S DEMAND FOR POSSESSION

TO Richard Roe:

YOU ARE HEREBY NOTIFIED, That I demand that you immediately quit and surrender the possession of premises now occupied by you as my tenant, and being situated at 4325 Elm St., Chicago, Illinois, to Green

& Jones, Agents, who are hereby authorized to receive the possession thereof, your lease of the premises having expired by limitation.

DATED at Chicago, Illinois, the 31st day of October, A. D. 1912.

JOHN UTT,
Landlord

LOANS

(1) APPLICATION FOR LOAN

TO John Doe:

YOU ARE HEREBY AUTHORIZED to negotiate for me a loan of Two Thousand dollars for five years from date with Semi-annual interest at the rate of six per cent per annum, to be secured by first trust deed, form to suit lender, on the following described real estate:

One three-story brick building, situated at number 4325 Elm Street, between 43rd and 44th Streets, in the City of Chicago, and State of Illinois, Lot 50x100 with three-story flat building, 35x76 ft., built three years ago; Value of ground \$2,000; Value of Building \$4,500; Total Value \$6,500; Rental Value \$80 per month.

I AGREE to furnish a complete merchantable abstract of the title, showing fee simple title to said premises in me, and to pay \$70 as commission for negotiating loan.

I AGREE to allow you to place all insurance on the herein described premises during the continuance of the loan herein applied for.

MORTGAGES at present on the premises:

One for \$500 to David Utt, due December 30th, 1918, to be paid.

REMARKS: Market value of said property is more than quoted above, as investigation will prove.

Signature: RICHARD ROE
Address: 4345 Elm Street
Occupation: Painter

(2) AGREEMENT FOR EXTENSION OF LOAN

MEMORANDUM OF AGREEMENT, Made and entered into this 5th day of September, 1915, between **John Doe** of the City of Chicago, and State of Illinois, and **Richard Roe** of the City of Chicago, and State of Illinois.

WITNESSETH, Said **Doe** is the legal owner and holder of the certain promissory note made by **Richard Roe**, dated September 10, 1913 in the sum of **Two Thousand** dollars payable in two years after said date, to the order of **John Doe**, and delivered over, which note was secured by a deed of trust from **Richard Roe** to **Samuel Smith**, Trustee, conveying the premises situated in the County of **Cook**, and State of Illinois, described as follows, to-wit: Lot five, in Block seven in Field's Subdivision of Section 65, Township 48, North, Range 10, East of the Third Principal Meridian, which deed is recorded in the Recorder's Office of Cook County, in the State of Illinois in Book "F" of Records, on page 234 as Document Number 432,345.

AND WHEREAS, Said **Roe** desires to have the payment of **One Thousand** dollars of said note of **Two Thousand** dollars extended for one year from September 10, 1915, in consideration of the agreement hereinafter made on his part:

NOW, THEREFORE, Said **Doe** agrees to extend the payment of **One Thousand** dollars of said note of **Two Thousand** dollars for one year from September 10, 1915, at the rate of six per cent per annum, payable semi-annually at the place in said note mentioned, and shall further keep and perform all and singular the covenants and agreements in said note and trust deed contained.

AND the said **Roe** hereby agrees to and accepts said extension upon the conditions aforesaid, and has executed two interest notes or coupons of **Thirty** dollars each, evidencing and securing the interest on said note from the time of such extensions, and agrees that in case of default in the payment of any one of said interest payments, and in case of failure to keep and perform any one of the covenants and agreements in said note and trust deed contained, this agreement shall at once become null

and void at the option of the said **Doe**, and said note of **One Thousand** dollars shall at once become due and payable, and may be collected without notice, together with the accrued interest thereon, at the rate of six per cent per annum, anything hereinbefore contained to the contrary notwithstanding.

IT IS FURTHER AGREED, That this agreement shall be binding upon and inure to the heirs, executors, administrators, and assigns of both parties hereto.

WITNESS the hands and seals of the parties hereto the day and year first above written.

JOHN DOE (Seal)
RICHARD ROE (Seal)

Witnesses:

JOHN WARD
JAMES JUDSON

MORTGAGE AND TRUST DEEDS

A mortgage is a transfer of title to real or personal property as security for debt, upon an express condition that upon payment of the debt the transfer shall become null and void. The mortgage may provide for the transfer of possession to the mortgagee subject to the mortgagor's right of redemption. The statutes of different states today provide for the foreclosure of such mortgages, thus preventing the title of the property passing to the mortgagee simply upon failure to pay the debt for which the mortgage was given. Statutes also provide for recording of mortgages especially where the property is to be retained in the possession of the mortgagor. This is to prevent fraudulent transfer and sales of the property in question.

Mortgages of personal property are known as chattel mortgages. Where the goods mortgaged are to remain in possession of the mortgagor, it is necessary to record the chattel mortgage and to renew the same at short intervals in order to secure the right of the mortgagee in the property. Real estate loans are secured either by mortgage or by an instrument known as a trust deed,

the main difference between the two being that in the mortgage the conveyance of real property is made directly to the mortgagee with a defeasance clause, while in a trust deed the conveyance is made to a third person to hold in trust until the amount borrowed is repaid and then to reconvey the property back to the mortgagor.

(1) CHATTEL MORTGAGE

KNOW ALL MEN BY THESE PRESENTS, That I, **John Doe**, am indebted unto **Richard Roe**, in the sum of **Five Hundred** dollars.

NOW, For securing the payment of the said debt and the interest from the date hereof, to the said **Richard Roe**, I do hereby sell, assign, and transfer to the said **Richard Roe**, all the goods, chattels, and property described in the following schedule, viz:

One Ford Automobile; said property now being and remaining in the possession of **John Doe**:

PROVIDED ALWAYS, And this mortgage is on the express condition, that if the said **John Doe** shall pay to the said **Richard Roe**, the sum of **Five Hundred** dollars, with interest as follows, viz: **One Hundred** dollars per month until full payment is made, which said sum and interest, the said **John Doe** hereby covenants to pay, then this transfer to be void and of no effect; but in case of non-payment of the said sum, at the time or times above mentioned, together with interest at the legal rate, then the said **Richard Roe** may give to the said **John Doe**, or to the person in possession of the property, claiming the same, written notice as required by law, of the invention of **Richard Roe** to foreclose the mortgage for breach of the condition thereof, and if the said sum is not then paid, the said **Richard Roe** shall have full power and authority to enter upon the premises of the said party of the first part, or any other place or places where the goods and chattels aforesaid may be, to take possession of said property, to sell the same according to law, and the avails, after deducting all expenses of the sale and keeping of the said property, to apply in pay-

ment of the above debts; if from any cause said property shall fail to satisfy said debt, interest, costs and charges, the said John Doe covenants and agrees to pay the deficiency.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 25th day of June, A. D. 1915.

JOHN DOE (Seal)

Sealed and Delivered in presence of

JAMES MACK

HAROLD EASTMAN

(2) MORTGAGE—STATUTORY FORM

THIS INDENTURE WITNESSETH, That the Mortgagor, John Doe, of the City of Vincennes, and State of Indiana, mortgages and warrants to Richard Roe of the City of Terre Haute, in the State of Indiana, to secure the payment of a certain promissory note, executed by John Doe, bearing even date herewith, payable to the order of Samuel Lund the following described Real Estate to-wit:

Lot one in Block two of Section one, Township two North, Range three, East of the Third Principal Meridian, situated in said City of Terre Haute, in the State of Indiana, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State.

DATED, This 19th day of June, A. D. 1915.

JOHN DOE (Seal)

(3) MORTGAGE DEED—FULL FORM

THIS INDENTURE, Made this 15th day of November in the year One thousand nine hundred and fifteen, between John Doe of the City of Vincennes, County of Knox, State of Indiana, and Richard Roe of the same place.

WHEREAS, The said John Doe is justly indebted to the said Roe in the sum of One Thousand dollars, lawful money of the United States, secured to be paid by his certain bond or obligation, bearing even date herewith, conditioned for the payment of the said sum of One Thousand dollars, on April 1, 1916.

NOW THIS INDENTURE WITNESSETH, That the said Doe for the better securing of the payment of the sum of money mentioned in the condition of the said bond or obligation, with interest thereon, and also for and in consideration of One dollar paid by Roe, the receipt whereof is hereby acknowledged, does hereby grant and release unto Roe and to his heirs and assigns forever, all that tract or parcel of land, situated in the City of Vincennes, County of Knox, and State of Indiana, known as Lot 4, in Block 5 in the N. E. $\frac{1}{4}$ of Sec. 8, Township 40 North, Range 12, East of the Third Principal Meridian, Together with the appurtenances, and all the estate and rights of Doe in and to said premises.

TO HAVE AND TO HOLD the above granted land to Roe, his heirs and assigns forever.

PROVIDED ALWAYS, That if Doe, his heirs, executors or administrators, shall pay unto Roe, his executors, administrators, or assigns, the said sum of money mentioned in the condition of said bond or obligation, and the interest thereon, at the time and in the manner mentioned in the said condition, then these presents, and the estate hereby granted, shall cease, determine and be void.

AND Doe covenants with Roe as follows: Doe will pay the indebtedness as hereinbefore provided, and if default be made in the payment of any part thereof, Roe shall have the power to sell the premises herein described, according to law.

IN WITNESS WHEREOF, The said Doe has hereunto set his hand and seal the day and year first above written.

In presence of

JOHN DOE (Seal)

JOHN SHERMAN

(4) DISCHARGE OF MORTGAGE

State of New York }
County of Buffalo } ss.

I, Adam Smith, of Buffalo County, State of New York, DO HEREBY CERTIFY, That a certain Indenture of Mortgage, bearing the date of 10th day of September, in the year One thousand nine hundred and ten, made and executed by Alfred Sawyer to Ross Hill, and recorded in the office of the Clerk of the County of Buffalo, State of New York, in Book 24 of Mortgages, page 318, on the 13th day of September, 1910, at 10 o'clock A. M., is, together with the note secured thereby, fully paid, satisfied, and discharged.

DATED the 15th day of June, 1915.

ADAM SMITH (Seal)

(5) TRUST DEED—STATUTORY

THIS INDENTURE WITNESSETH, That the Grantor, John Doe of the City of Terre Haute, Vigo County, and State of Indiana, for and in consideration of the sum of Five Hundred dollars in hand paid, conveys and warrants to Richard Roe, of the City of Muncie, Knox County, and State of Indiana, the following described real estate, to-wit: Lot five, in Block 57, Section five, Township 39, North, Range 14, East of the Third Principal Meridian, situated in Vigo County, in the State of Indiana, hereby releasing and waiving all rights, under and by virtue of the Homestead Exemption Laws of the State of Indiana, and all right to retain possession of said premises after default in payment or a breach of any of the covenants or agreements herein contained in trust, nevertheless for the following purposes:

WHEREAS, The said John Doe grantor, is herein justly indebted upon a promissory note bearing even date herewith, payable to the order of Robert Jones, for the sum of Five Hundred dollars, and interest.

NOW, If default be made in the payment of the said promissory note or any part thereof, or

the interest thereof, or in case of waste or non-payment of taxes or assessments on said premises, or of a breach of any of the covenants or agreements herein contained, then and in such case the whole of said principal sum and interest, secured by the said promissory note, shall thereupon, at the option of the legal holder or holders thereof, become immediately due and payable; and on the application of the legal holder of said promissory note, or either of them, it shall be lawful for the said grantor, or his successor in trust, to enter into and upon and take possession of the premises hereby granted, or any part thereof, and to collect and receive all rents, issues, and profits thereof; and in his own name, or otherwise, to file a bill or bills in any court having jurisdiction thereof against the said party of the first part, his heirs, executors, administrators, and assigns, to obtain a decree for the sale and conveyance of the whole or any part of said premises for the purpose herein specified by said party of the second part, as such trustee or as special commissioner, or otherwise, under order of court, and out of the proceeds of any such sale to first pay the costs of such suit, all costs of advertising sale and conveyance, including the reasonable fees and commissions of said party of the second part, or person who may be appointed to execute this trust, and Twenty-five dollars attorneys' and solicitors' fees, and also all other expenses of this trust, including all moneys advanced for insurance, taxes, and other liens or assessments, with interest thereon at seven per cent per annum, then to pay the principal sum of said note, whether due and payable by the terms thereof or the option of the legal holder thereof, and interest due on said note up to the time of such sale, rendering the overplus, if any, unto the said party of the first part, his legal representatives or assigns, on reasonable request, and to pay any rents that may be collected after such sale and before the time of redemption expires, to the purchaser or purchasers of said premises of such sale or sales, and it shall not be the duty of the purchaser to see to the application of the purchase money.

WHEN the said note and all expenses accruing under this Trust Deed shall be fully paid, the said Grantee or

his successor or legal representatives shall re-convey all of said premises remaining unsold to the said Grantor or his heirs or assigns, upon receiving his reasonable charges therefor. In case of the death, resignation, absence or removal from said Vego County, or other inability to act of said Grantee, the Richard Smith of said City of Terre Haute, is hereby appointed and made successor-in-trust herein, with like power and authority, as is hereby vested in said Grantee. It is agreed that said Grantor shall pay all costs and attorney's fees incurred or paid by said Grantee of the holder or holders of said note in any suit in which either of them shall be plaintiff or defendant, by reason of being a party to this Trust Deed, or a holder of said note, and that the same may be a lien on said premises, and may be included in any decree ordering sale of said premises and taken out of proceeds of any sale thereof.

WITNESS, The hand and seal of said Grantor this 14th day of November, A. D. 1915.

Signed, Sealed and Delivered
in presence of

JOHN DOE (Seal)

SAMUEL LUND
JAMES TRUDE

(6) RELEASE DEED

KNOW ALL MEN BY THESE PRESENTS, That I, John Doe, of the County of Cook, and State of Illinois, in consideration of One dollar, and for other good and valuable considerations, the receipt whereof is hereby acknowledged, do hereby remise, convey, release and quitclaim, unto Richard Roe, of the County of Cook, and State of Illinois, all the right, title, interest, claim or demand whatsoever I may have acquired in, through, or by a certain Trust Deed bearing date of June 20th, A. D. 1915, and recorded in the Recorder's Office of Cook County, in the State of Illinois, in Book F, page 434, as Document 632532, to the premises therein described as follows, to-wit:

Lot three, Block 434, known as the Field Property, according to the official plan of the City of Chicago, in Sec. 6, Township 48, North, Range 23, East of the Third Principal Meridian, together with all appurtenances and privileges thereunto belonging or appertaining.

WITNESS my hand and seal, this 20th day of June, A. D. 1915.

Witnesses:

JOHN DOE (Seal)

EDWARD SEARS
JOHN MERRICK

NOTES

(1) CHATTEL MORTGAGE NOTE

\$500

Chicago, June 20, 1915.

Three years after date for VALUE RECEIVED, I promise to pay to the order of John Doe the sum of Five Hundred dollars, at The First National Bank of Chicago, with interest thereon at the rate of six per cent per annum, payable annually. This note is secured by a Chattel Mortgage to John Doe of even date herewith, on personal property in Chicago, Illinois, and is to bear interest at the rate of six per cent per annum after maturity.

RICHARD ROE (Seal)

(2) PRINCIPAL NOTE SECURED BY TRUST DEED

\$500

Chicago, June 20, 1915.

Four years after date, for VALUE RECEIVED, I promise to pay to the order of John Doe, the principal sum of Five Hundred dollars, with interest thereon at the rate of six per cent per annum, payable semi-yearly, to-wit: on the 19th day of April and of October in each year, until said principal sum is fully paid. Both principal and interest are payable at Chicago Trust Co., Chicago.

The several installments of interest aforesaid, for said period of four years are further evidenced by six notes or coupons, of even date herewith.

The payment of this Note is secured by a Trust Deed of even date herewith, on real estate in Chicago, Illinois.

RICHARD ROE (Seal)

(3) INTEREST NOTE SECURED BY TRUST DEED

\$15

No. One

Chicago, June 20, 1915.

DUE TO THE ORDER OF John Doe, Fifteen dollars on the 20th day of June, A. D. 1916, without grace, payable at Chicago Trust Co., Chicago, with interest at the rate of seven per cent per annum after maturity.

This Coupon Note being for the interest due that day upon a note No. One of this date, for the payment to the order of said John Doe of Five Hundred dollars, four years after the date thereof.

RICHARD ROE (Seal)

(4) INSTALLMENT NOTE GIVEN FOR LOAN

\$400

No. One

Chicago, June 20, 1915.

At the dates hereinafter mentioned, for value received, I promise to pay to Richard Roe, or order, **Four Hundred** dollars, in the following installments, to-wit:

\$50 on July 20, 1915.

\$50 on August 20, 1915.

\$50 on September 20, 1915.

\$50 on October 20, 1915.

\$50 on November 20, 1915.

\$50 on December 20, 1915.

\$50 on January 20, 1916.

\$50 on February 20, 1916.

With interest at seven per cent per annum after maturity.

On default of any of the above payments, the whole amount of the note shall then and there become due, at the option of the legal holder thereof.

If this Note is not paid when due, I agree to pay an attorney's fee of Ten dollars, if Note is placed in the hands of an attorney for collection.

JOHN DOE

(5) PROMISSORY NOTE WITH CONFESSION OF JUDGMENT

\$600

Chicago, June 20, 1915.

Two years after date, for value received, I promise to pay to the order of John Doe, the sum of Six Hundred dollars at the Chicago Savings Company, with interest at seven per cent per annum after maturity until paid.

And to secure the payment of the said amount, I hereby authorize, irrevocably, any attorney of any Court of Record to appear for me in such Court, in term time or vacation, at any time hereafter, and confess a judgment without process in favor of the holder of this Note, for such amount as may appear to be unpaid thereon, together with costs and Ten dollars attorney's fees, and to waive and release all errors which may intervene in any such proceedings, and consent to immediate execution upon such judgment, hereby ratifying and confirming all that my said attorney may do by virtue hereof.

RICHARD ROE (Seal)

(6) REAL PROPERTY—MORTGAGE NOTE

\$500

Chicago, June 20, 1915.

Four years after date, for value received, I promise to pay to the order of John Doe, the sum of Five Hundred dollars, at The Second National Bank of Chicago, with interest thereon at the rate of seven per cent per annum payable annually.

This Note is secured by a mortgage to John Doe, of even date herewith, on real estate in Chicago, Illinois, and is to bear interest at the rate of seven per cent per annum after maturity.

RICHARD ROE

(7) CERTIFICATE OF PROTEST ON A NOTE

State of Illinois }
County of Cook } ss.

BE IT KNOWN, That on this 20th day of June, A. D. 1915, at the request of First National Bank of Buffalo, New York, I, James Sawyer, notary public, duly commissioned and sworn, dwelling in the City of Chicago, County of Cook and State aforesaid, did present the original note of Thomas Green for Five Hundred dollars, hereunto annexed, at the First National Bank, Chicago, Illinois, where the same is payable, and demanded payment, which was refused.

WHEREUPON, I, the said notary, at the request aforesaid, did protest, and by these presents do publicly and solemnly protest, as well against the maker and endorser of the said note as against all others whom it doth or may concern, for exchange or re-exchange, and all costs, charges, damages and interest already incurred, and to be incurred, for want of payment of the same.

AND I, the said notary, do hereby certify that, on the same day and year above written, due notices of the foregoing protest were put into the postoffice at Chicago, postage paid, or served as follows:

Notice Harold Williamson,

Directed 14 Main Street, Joliet, Illinois.

Notice John Smith,

Directed 47 Allen St., Utica, Illinois.

Notice James Brown,

Directed 2345 Addison St., Urbana, Illinois.

Each of the above named places being the reputed place of residence of the person to whom the notice was directed, who were apparent endorsers on said note.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal of office.

(Seal)

JAMES SAWYER,
Notary Public.

PARTNERSHIP AGREEMENTS

(1) Articles of Copartnership

ARTICLES OF COPARTNERSHIP, Made the 20th day of May, nineteen hundred and eleven, between John Adams and George Green, both of Vincennes, Indiana.

1. **THE SAID PARTIES** above named have agreed to become copartners in the grocer business, and by these presents do agree to be copartners together under the name or firm of Adams & Green, and to occupy the premises known as 5 Vego Street. Their copartnership is to commence on the 1st day of June, 1911, and to continue five years.

2. **TO THAT END AND PURPOSE**, The said partners contribute Two Thousand dollars (\$2,000) each, to be used and employed in common between them for the support and management of the said business to their mutual benefit and advantage.

3. **AND IT IS AGREED** by and between the parties to these presents, that at all times during the continuance of their copartnership they, and each of them, will give their best endeavors, and to the utmost of their skill and power exert themselves for their joint interest, profit, benefit, and advantage, and truly employ, buy, sell, and deal with their joint stock, and the increase thereof, in the business aforesaid. And also, that they shall and will at all times during the said copartnership, bear, pay, and discharge equally between them, all rents and other expenses that may be required for the support and management of said business, and that all gains, profit, and increase that shall come, grow, or arise, from or by means of their said business, shall be divided between them equally and all loss that shall happen to their said joint business, by ill commodities, bad debts, or otherwise, shall be borne and paid between them equally.

4. **AND IT IS AGREED** by and between the said parties, that there shall be had and kept at all times during the continuance of their copartnership, perfect, just, and true books of account, wherein each of the said copartners shall enter and set down, as well all money by them or either of them received, paid, laid out, and ex-

pendent in about said business, also all goods, wares, commodities, and merchandise by them or either of them bought or sold, by reason or on account of the said business, and all other matters and things whatsoever to the said business and the management thereof belonging; which said books shall be used in common between the said copartners, so that either of them may have access thereto, without any interruption of the other. And said copartners, once in six months, or oftener, if necessary, shall make, yield, and render, each to the other, a true, just, and perfect inventory and account of all profits and increase by them or either of them made; and of all losses by them or either of them sustained; and also, all payments, receipts, disbursements, and all other things by them made, received, disbursed, acted, done, or suffered in this said copartnership and business; and the same account so made, shall and will clear, adjust, pay, and deliver, each to the other, at the time, their just share of profits so made as aforesaid.

5. AND THE SAID PARTIES hereby mutually covenant and agree, to and with each other, that during the continuance of the said copartnership, neither of them shall nor will endorse any note, or otherwise become surety for any person or persons whomsoever, without the consent of the other of the said partners. And at the termination of their copartnership, the said copartners, each to the other, shall and will make a true, just, and final account of all things relating to their business, and in all things truly adjust the same; and all and every the stock and stocks, as well as the gains and increase thereof, which shall appear to be remaining, either in money, goods, wares, fixtures, debts, or otherwise, shall be divided between them equally.

IN WITNESS WHEREOF, The parties hereto have hereunto set their hands and seals, the day and year first above written.

JOHN ADAMS, (Seal)
GEORGE GREEN. (Seal)

Signed and Sealed
the presence of
Philip Ward,
Howard Miller.

(2) Articles of Copartnership Between Lawyers

John Doe and Richard Roe hereby form a partnership as attorneys and counselors under the name of **Doe & Roe**, to continue for four years from this date; but either party may retire on one month's notice in writing.

Mr. Doe shall receive one-half and Mr. Roe shall receive one-half of all the business receipts, including counsel fees from all sources, and deducting expenses.

Each party shall devote all his working time to the business of the firm.

All receipts shall be deposited in a bank to be selected by the firm, in the name of the firm; and after current expenses are paid, shall be divided whenever there is a sum on hand exceeding Two Hundred dollars.

All checks shall be drawn by Mr. Roe.

Neither member of the firm shall become indorser or security in any manner for any other person without the consent of all the other members of the firm.

JOHN DOE,
RICHARD ROE.

DATED Chicago, October 20, 1915.

**(3) Certificate of a Limited Partnership With
Acknowledgement and Oath**

State of Maryland, }
County of Baltimore. } ss.

THIS IS TO CERTIFY, That the undersigned have, pursuant to the provisions of the Statutes of the State of Maryland, formed a limited partnership, under the name of the firm of **Doe & Roe**; that the general nature of the business to be transacted is buying and selling Bonds and Stocks, and that John Doe is the general partner and Richard Roe is the special partner, and that the said Richard Roe has contributed the sum of **One Thousand dollars**, as capital, towards the common stock, and that the said partnership is to commence on the **18th** day

of June, 1915, and is to terminate on the 18th day of June, 1918.

DATED, this 18th day of June, 1915.

JOHN DOE, (Seal)

RICHARD ROE. (Seal)

State of Maryland, }
County of Baltimore. } ss.

ON THIS 18th day of June, 1915, before me came John Doe and Richard Roe, known to me to be the individuals described in, and who executed the above certificate, and they severally acknowledged that they executed the same.

DAVID WARD,
Notary Public.

(Seal)

State of Maryland, }
County of Baltimore. } ss.

John Doe, the general partner named in the above certificate, being duly sworn, does depose and say, that the sum specified in the said certificate to have been contributed by the special partner to the common stock has been actually and in good faith paid in cash.

SUBSCRIBED AND SWORN TO before me this 18th day of June, 1915.

DAVID WARD,
Notary Public.

(Seal)

(4) Renewal of Partnership

WHEREAS, The partnership of Adams & O'Brien will expire on the fifteenth day of January next, by the terms of the within agreement: and, whereas both partners are desirous of continuing the same; It is, therefore, hereby agreed that the same be continued, upon the same terms in every respect as above mentioned, for the term of five years from the fifteenth of January next.

Vincennes, June 20, 1916.

JOHN ADAMS, (Seal)

GEORGE O'BRIEN. (Seal)

Attest:

Stephen Jones.

(5) Dissolution of Partnership

IT IS MUTUALLY AGREED by the undersigned, that the partnership heretofore existing between us in the City of Vincennes under the style of **Adams & Green**, be and the same is hereby dissolved, except for the final settlement of business thereof, and upon such settlement, then wholly to determine: and the said **John Adams** is authorized to use the name of the firm in liquidation and settlement of its business. Given under our hands and seals, this **fifteenth** day of **January, 1915**.

JOHN ADAMS, (Seal)
GEORGE GREEN. (Seal)

Witness:

Stephen Jones.

Notice by One Partner to the Other of Intention to Dissolve the Partnership Under the Terms of the Contract

Vincennes, Indiana, Sept. 1, 1916.

George Green, Esq.:

Sir: I hereby give you notice of my desire and intention to terminate the partnership now existing between us under the articles of copartnership, of date **January 14, 1912**, in accordance with the power contained in said contract of partnership, to terminate the same at the end of five years from the date thereof. I desire and intend that the said partnership cease on the **thirteenth** day of **January, 1917**.

Respectfully,

JOHN ADAMS.

(6) Notice of Dissolution of Partnership

NOTICE IS HEREBY GIVEN that the partnership lately existing between **John Adams** and **George Green**, under the firm name of **Adams & Green**, in **Vincennes, Indiana**, expired by limitation on the **thirteenth** day of

January, 1916, (or was dissolved by mutual consent on the thirteenth day of January, 1916). John Adams is authorized to make settlement of all debts owing to or by the late firm.

Vincennes, Indiana, January 15, 1915.

JOHN ADAMS,
GEORGE GREEN.

RELEASE OF CLAIMS, DEBTS, ETC.

(1) General Release

THIS INDENTURE, Made between Adam Bede, of Racine, Wisconsin, and Joseph Clark, of the same place.

WITNESSETH, That the said Adam Bede does by these presents remise, release, and forever quit-claim, unto the said Joseph Clark, all manner of actions and all promises, claims, and debts of any kind or description at any time existing down to the date of these presents.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 15th day of June, A. D. 1915, at Racine, Wisconsin.

ADAM BEDE, (Seal)
JOSEPH CLARK. (Seal)

(2) A Release From Creditors to a Debtor Under a Composition

KNOW ALL MEN BY THESE PRESENTS, THAT WHEREAS, William Stone, of Vincennes, Indiana, is indebted to us, the undersigned, his said creditors, in several sums of money, which he is not able fully to satisfy and discharge; we, therefore, have agreed, and do hereby agree to accept the sum of \$4,000 in full payment and satisfaction of all debts owing to us, respectively, at the date hereof, by and from the said William Stone which is paid by or for the said William Stone to Richard Stewart for the use of and to the intent that the same may be shared and divided amongst us, his said creditors,

in proportion and according to the debts to us severally due and owing;

NOW, THEREFORE, Be it known, that for the consideration aforesaid, each of us, the said creditors, who have hereunto set our hands and seals, for him and herself, his and her heirs, executors, administrators, and co-partners, does by these presents, remise, release, and forever discharge the said William Stone, his heirs, executors, and administrators, of and from our said several debts, and all manner of action and actions, which against the said William Stone, each and every of us, the said creditors, now has, or which each and every of our heirs, executors, or administrators, respectively, hereafter may, can, or ought to have, claim or demand by reason of the said several and respective debts to us severally due and owing, or for or by reason of any other matter, cause, or thing whatsoever.

IN WITNESS WHEREOF, We have hereunto set our hands and seals at Vincennes, Indiana, this 1st day of June, A. D. 1915.

ARTHUR SLOCUM, (Seal)
THOMAS MILLER. (Seal)

SUBSCRIPTIONS

For Building a Church

WE, The subscribers, in consideration of the premises and of the mutual promises contained herein, agree to pay the sums set opposite our respective names, for the purpose of building a Baptist Church at Emporia, Kansas, said church to be built on the lot now occupied by the old Baptist Church in said village. The amount to be subscribed, in cash, is to be \$6,000; the money to be paid to the trustees of said church, or to a building committee to be appointed by the undersigned subscribers. The body of the church to be finished and furnished uniformly; the pews or slips to be equally assessed, and rented annually; and said assessments and rents to be paid and applied by said trustees in payment for the

stated preaching of the gospel in said church and congregation, and expenses of said church.

DATED October 19th, 1915.

John Doe	\$700
George Brown	700
Mary Jones	700
Samuel Smith	400
et al	

WILLS

A will or testament is the legal declaration of a man's intentions of what he wills to be performed after his death. When the will operates on personal property, it is sometimes called a testament, and when upon real estate, a devise, but the more popular denomination is that of last will and testament, embracing equally real and personal estate. There are five essential requisites to make a valid will:

1. The testator must be capable. All persons of sound mind and under no undue coercion may make a valid will, with the exception of minors, and, in some states, married women.

2. The testator must have a serious intention to make such will. If he jestingly or boastingly writes or says that such a person shall have his goods, this is no will.

3. There must be a legatee or devisee in being, and one that has capacity to take the thing given, when it is to vest, or the gift will be void. Minors, married women, and persons of non-sane memory may be legatees. A devise to the heir at law is void if it gives him precisely the same estate he would take by descent, the title by descent having precedence.

4. The testator's mind must be free and uninfluenced by fear, fraud or flattery. In such cases it will be voidable, if not absolutely void.

5. A will must be written or printed on paper, or parchment, but it may be in any language, or in any form. The will or meaning of the testator will be regarded and enforced. It must be signed by the testator or some one authorized by him. It should be signed by three attesting witnesses, who should sign in the presence of the testator and of each other. This formality should be followed, even in states where a less number are sufficient, as the testator may have lands in states where they could not pass without it. Witnesses are rendered incapable of taking any legacy or beneficial interest under it. But this does not make the residue of the will void. It must be published; that is, the testator must do some act from which it can be fairly concluded that he intended the instrument should operate as a will. An executor should be named in the will; if this is not done, an administrator with the will annexed, must be appointed by the court having probate of the will.

The property bequeathed, and the terms of the bequest should be plainly and distinctly defined, so as to leave no doubt of the intention of the testator. In many of the states, marriage, or birth of a child, subsequent to the execution of the will in which no provision is made for such event, will revoke the will, or at least will not deprive the wife or the child of their interest or share of the estate. If a legacy is bequeathed to her in lieu of dower, it is optional with her to take the bequest or the dower.

It is a rule that the last will revokes all former wills; consequently, a man can not, by a testamentary writing, impose upon himself the inability or disqualification of making another inconsistent with and revoking the first.

A nuncupative will is a verbal declaration by the testator of his will before a competent number of witnesses. By statutes, in most of the states, it is restricted to bequests of personal property; in some of them to those made within ten days of the death of the testator.

A codicil is an addition or supplement to a will, and must be executed with the same solemnities. It is a part of the will, the two instruments making but one will.

There may be several codicils: a codicil does not revoke a will further than it is in conflict with some of its particular dispositions, or unless there be express words of revocation.—Sayler's American Forms.

(1) Short Will

I, John Doe, of Chicago, in the County of Cook, and State of Illinois, do hereby make, publish, and declare, this to be my last Will and Testament.

I ORDER AND DIRECT, That my Executor hereinafter named pay all just debts and funeral expenses as soon after my decease as conveniently may be.

AFTER the payment of such funeral expenses and debts, I give, devise, and bequeath unto my wife, Jane Doe, all my estate, real, personal, or mixed, of every kind and description and wherever situated.

I MAKE, Constitute and appoint my said wife to be executrix of this, my last Will and Testament, hereby revoking all former wills by me made.

IN WITNESS WHEREOF, I have hereunto subscribed my name, this 25th day of October, A. D 1912.

JOHN DOE.

SIGNED, PUBLISHED AND DECLARED by the said testator, John Doe, to be his last Will, in the presence of us, who, at his request, have subscribed our names thereto as witnesses, in his presence, and in the presence of each other.

Richard Roe,
Residing at Woodville, Ill.

James Ward,
Residing at Woodville, Ill.

Adam Smith,
Residing at Woodville, Ill.

(2) Codicil

I, Thomas Black, of the City of **St. Joseph**, State of **Missouri**, having heretofore made my last Will and Testament, bearing date of **1st of October, A. D. 1914**, do now make this Codicil thereto.

WHEREAS, My son **John** having died since the making of the last Will and Testament, I hereby give and bequeath his share in the residue of my estate to **my son, Henry**, and direct that my said Will and Testament shall take effect the same as if the name of **my said son, Henry**, were there inserted in the place of that of **my said son, John**.

In all other respects I confirm my said last Will and Testament.

THOS. BLACK.

January 29th, 1915.

SIGNED, PUBLISHED AND DECLARED by **Thomas Black** to be a Codicil to his last Will and Testament, in the presence of us, who, at his request and in his presence and in the presence of each other, have hereunto subscribed our names as witnesses to the above Codicil.

James Haft,

Residing at **St. Louis, Missouri.**

Charles Dunn,

Residing at **St. Louis, Missouri.**

(3) Will

I, John Ward, of the City of **Chicago**, County of **Cook**, State of **Illinois**, being in good health of body, and of sound and disposing mind and memory, and being desirous of settling my worldly affairs while I have strength and capacity so to do, do make, publish, and declare this my last Will and Testament, that is to say:

FIRST. I GIVE and bequeath to my beloved wife, **Sarah Ward**, the sum of **\$2,000**; also my watch; also all the household furniture in my dwelling house; and the said dwelling house, for and during her natural life.

SECOND. To my elder son, Andrew Ward, I give and devise said dwelling house, after the decease of my said wife; to him and his heirs forever.

THIRD. To my younger son, William Ward, I give and bequeath the sum of \$1,000.

FOURTH. To my grandson, Walter Smith, I give and bequeath the sum of \$500, to be paid him when he shall arrive at the age of twenty-one years.

FIFTH. To my grandson, Samuel Smith, I give and devise my house and lot in Aurora to have and to hold to him, his heirs and assigns forever.

SIXTH. To my worthy friend, the Rev. John Stone, I give \$300.

And lastly, all the rest, residue, and remainder of my personal estate I give and bequeath to my esteemed friend, Samuel Goodnow, his heirs and assigns forever.

I hereby appoint Samuel Goodnow the sole executor of this, my last Will and Testament. I hereby revoke all former wills by me made.

IN WITNESS WHEREOF, I hereunto set my hand and seal at Chicago, aforesaid, this first day of June, nineteen hundred and fifteen.

JOHN WARD. (Seal)

SIGNED AND SEALED by said John Ward, who, at the same time published and declared the same as and for his last Will and Testament, in the presence of us, who in his presence, and in the presence of each other, and at his request, have hereunto subscribed our names as witnesses.

John Ward,
13 Pine Street, Chicago, Ill.

Herbert Ritter,
14 Ellis Ave., Chicago, Ill.

Roy Wilcox,
19 Ray Street, Chicago, Ill.

(4) State Requirements as to Seal and Number of
Witnesses to Wills

State	Wit- ness- es	State	Wit- ness- es
Alabama	2	Nebraska	2
Arizona	2	*Nevada	2
Arkansas	2	New Hampshire	3
California	2	New Jersey	2
Colorado	2	New Mexico	2
Connecticut	3	New York	2
Delaware	2	North Carolina	3
District of Columbia	2	North Dakota	2
Florida	2	Ohio	2
Georgia	3	Oklahoma	2
Idaho	2	Oregon	2
Illinois	2	Pennsylvania	2
Indiana	2	Rhode Island	2
Iowa	2	South Carolina	3
Kansas	2	South Dakota	2
Kentucky	2	Tennessee	2
Louisiana	2	Texas	2
Maine	3	Utah	2
Maryland	2	Vermont	3
Massachusetts	3	Virginia	2
Michigan	2	Washington	2
Minnesota	2	West Virginia	2
Mississippi	2	Wisconsin	2
Missouri	2	Wyoming	2
Montana	2		

*Nevada is the only state in the Union where a seal is required.

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FEDERAL RESERVE ACT

Page 1—Official

Section 1.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

Federal Reserve Districts.

Section 2.

As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be

readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

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Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid, shall cease to act as a reserve agent, upon thirty days' notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Should any national banking association in the United States now organized fail within one year after the passage of this Act to become a member bank or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby forfeited. Any noncompliance with or violation of this Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefore, then

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and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event, the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power.

The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

No Federal reserve bank shall commence business with a subscribed capital less than \$4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may be carried with approved reserve agents located therein. The organization committee shall have power to appoint

such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of \$100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

Branch Offices.

Section 3.

Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.

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Section 4.

When the organization committee shall have established Federal reserve districts as provided in section two of this Act a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such applica-

tion, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

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Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act.

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Such board of directors shall be selected as herein-after specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C shall consist of three members who shall be designated by the Federal Reserve Board. When the necessary subscriptions to the capital stock have been obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal reserve bank.

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No director of class B shall be an officer, director, or employee of any bank.

No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the

electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the

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Federal reserve bank he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of Class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal.

Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal Reserve Board.

The Reserve Bank Organization Committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

Stock Issues; Increase and Decrease of Capital

Section 5

The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said sub-

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scription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of

the Federal Reserve Board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be cancelled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

Section 6

If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be cancelled, without impairment if its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction

in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of Currency showing such reduction of capital stock and the amount repaid to such bank.

Division of Earnings

Section 7

After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per centum of the paid-in capital stock of such bank.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebt-

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edness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

Section 8

Section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows:

Any bank incorporated by special law of any state or of the United States or organized under the general laws of any state or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency:

Provided, however, That said conversion shall not be in contravention of the state law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.

State Banks as Members

Section 9

Any bank incorporated by special law of any state, or organized under the general laws of any state or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and

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regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore pro-

vided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of, or loans on, stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be cancelled, and said Federal reserve bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such

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notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal

Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Federal Reserve Board

Section 10

A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of \$12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of \$7,000 annually for his services as a member of said Board.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, one for eight, and one for ten years, and thereafter each member so appointed shall serve for a term of ten years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the

Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

The Federal Reserve Board shall have power to levy semi-annually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank,

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banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire thirty days after the next session of the Senate convenes.

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

Section 11

The Federal Reserve Board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

(c) To suspend for a period not exceeding thirty days, and from time to time to renew such suspension for

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periods not exceeding fifteen days, any reserve requirement specified in this Act: **Provided**, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this Act may be permitted to fall below level hereinafter specified: **And provided further**, That when the gold reserve held against Federal reserve notes falls below forty per centum, the Federal Reserve Board shall establish a graduated tax of not more than one per centum per annum upon such deficiency until the reserves fall to thirty-two and one-half per centum, and when said reserve falls below thirty-two and one-half per centum, a tax at the rate increasingly of not less than one and one-half per centum per annum upon each two and one-half per centum or fraction thereof that such reserve falls below thirty-two and one-half per centum. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal Reserve Board.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to

be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal Reserve banks.

(h) To suspend, for the violation of any of the provisions of this Act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same.

(j) To exercise general supervision over said Federal reserve banks.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the Act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two,

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United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: **Provided**, That nothing herein shall prevent the President from placing said employees in the classified service.

Federal Advisory Council**Section 12**

There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board. The meetings of said advisory council shall be held at Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies, shall serve for the unexpired term.

The Federal Advisory Council shall have power, by itself or through its officers, (1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

Powers of Federal Reserve Banks**Section 13**

Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds, in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent

member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being

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eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: **Provided,** That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up cap-

ital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm or corporation rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

Open-Market Operations

Section 14

Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, cor-

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porations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies bills of exchange arising out of actual commercial transactions which have not more than ninety days to run and which bear the signature of two or more responsible parties.

Government Deposits

Section 15

The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and funds provided in this Act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this Act: **Provided, however,** That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

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Note Issues

Section 16

Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal

reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills, accepted for rediscount under the provisions of section thirteen of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United

States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund

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hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents the Comptroller of the Currency for cancellation and destruction.

The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, and the amount of

such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of United States two per centum Government bonds become a first and paramount lien on all the assets of such bank.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the dis-

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tinctive numbers of the several Federal reserve banks through which they are issued.

When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four Revised Statutes, is hereby extended to include notes herein provided for.

Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used at the discretion of the Secretary for the purposes of this Act, and should the appropriations heretofore made be insufficient to meet the requirements of this Act in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: **Provided, however,** That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to re-

imburse the United States for any expenses incurred in printing and issuing circulating notes.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to

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exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

Section 17.

So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking associations shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds is hereby repealed.

Refunding Bonds

Section 18

After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: **Provided**, That Federal reserve banks shall not be permitted to purchase an amount to exceed \$25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section four of this Act by the Federal reserve bank.

Provided further, That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be cancelled and permanently retired when redeemed.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Upon deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Fed-

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eral reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: **Provided,** That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation

to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this Act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.

Bank Reserves

Section 19

Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

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When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the

establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date five-twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of twelve months after said date, two-twelfths, and for each succeeding six months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits as follows:

In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of twelve months after the date aforesaid at least three-fifteenths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at the option of the member bank.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen

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properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any non-member bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a non-member bank in applying for or receiving discounts from a Federal reserve bank under the provision of this Act except by permission of the Federal Reserve Board.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to

such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: Provided, however, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

In estimating the reserves required by this Act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

National banks located in Alaska or outside the continental United States may remain non-member banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this Act.

Section 20

So much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, is hereby repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

Bank Examinations

Section 21

Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in

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each calendar year and oftener if considered necessary: **Provided, however,** That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

The Federal Reserve Board shall, at least once each year order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report the condition of any Federal reserve bank.

No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other

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service for compensation while holding such office for any bank or officer, director, or employee thereof.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of

such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either house duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Except as provided in existing laws, this provision shall not take effect until sixty days after the passage of this Act.

Section 23

The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Loans On Farm Lands

Section 24

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property of-

ferred as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in a manner described in this section.

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Foreign Branches

Section 25

Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such

national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

Section 26

All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent, and to that extent only, hereby repealed: **Provided**, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

Section 27

The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred

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and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: Provided, however, That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes.

Section 28

Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

Section 29

If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not

affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Section 30

The right to amend, alter, or repeal this Act is hereby expressly reserved.

Approved, December 23, 1913.

III. DIGEST OF THE FEDERAL RESERVE ACT

Federal Reserve Board

Seven Members

Secretary of Treasury—ex officio chairman.

Comptroller of Currency—ex officio.

Five appointed by President with consent of Senate to serve ten years, not more than one from any District—two must be experienced in banking or finance—one must be Governor and one must be Vice Governor. All must give entire time to business of board; salary, \$12,000 each.

No member can be an officer, director, or stockholder of any bank or trust company, nor a member of Congress.

Members and Assistant Secretaries of Treasury must not be employed in any Member Bank while in office nor for two years thereafter.

Powers

Examine Federal Reserve Banks and Member Banks.

Permit or require Federal Reserve Banks to rediscount paper of other Federal Reserve Banks at rates to be fixed by this Board.

Suspend for stated periods reserve requirements and to establish a tax on decreasing reserves.

Regulate the issue of notes.

Add to or reclassify existing Reserve and Central Reserve Cities.

Suspend or remove officials of Federal Reserve Banks.

Require writing off doubtful assets of Federal Reserve Banks.

Suspend, liquidate or reorganize Federal Reserve Banks violating this Act.

Require bonds of Federal Reserve Agents; to perform all duties, etc., specified or implied in this Act, and to make all necessary rules and regulations.

Exercise functions of Clearing House for Federal Reserve Banks, or may designate Federal Reserve Banks to do the same, or may require each Federal Reserve Bank to so act for its Member Banks.

Levy upon Federal Reserve Banks semi-annual assessments sufficient to meet estimated expenses of the Board.

Exercise general supervision over Federal Reserve Banks.

Define character of bills eligible for discount by Federal Reserve Banks, and to limit and regulate rediscounts and acceptances.

Establish rate of interest to be charged Federal Reserve Banks on Federal Reserve Notes issued.

Fix the charges to be collected by Member Banks for checks cleared through Federal Reserve Banks.

Employ necessary attorneys, clerks, etc., without regard to classified service; but President may place said employees in classified service.

Federal Advisory Council

Composed of as many members as there are Federal Reserve Banks—one chosen by each bank. May act only in advisory capacity to Federal Reserve Board.

Federal Reserve Banks

Not less than 8 nor more than 12; (12 have been designated by organization committee) one to be located in each of a like number of cities to be known as Federal

Reserve Cities; one of such cities to be located in each of a like number of districts to be known as Federal Reserve Districts covering the entire continental U. S., excluding Alaska.

Each controlled by nine directors, as follows:

- 3—Elected by Member Banks representing banks.
- 3—Elected by Member Banks representing business interests of District—directors, officers or employees of any bank not eligible.
- 3—Appointed by Federal Reserve Board, one a person of banking experience, to be chairman and designated as "Federal Reserve Agent." Directors, officers, employees or stockholders of any bank not eligible.

No member of Congress shall be an officer or director.

Capital not less than \$4,000,000. Shares \$100 par value, tax exempt, to be subscribed by Member Banks in District, and under certain conditions by U. S. Treasury, and by general public, holdings by latter not to exceed \$25,000 each. Only stock owned by Member Banks can be voted; such stock not to be transferred nor hypothecated.

Earnings:—6 per cent cumulative dividends; remainder,—one-half to surplus up to 40 per cent of paid-in capital, after this all earnings to U. S. as a franchise tax, to be applied either to gold reserve, or to retirement of outstanding U. S. bonds.

Must maintain reserves in gold or lawful money of at least 35 per cent of its deposits, in addition to reserves against notes.

Duties and Powers

Receive for deposit at par checks and drafts drawn on any of its depositors; and checks and drafts from other Federal Reserve Banks drawn on any bank in the system.

Accept deposits from U. S., Member Banks of District, and other Federal Reserve Banks.

Discount commercial notes, drafts and bills of exchange endorsed by Member Banks protest waived, not including those drawn or issued to carry stocks or securities, except U. S. bonds; such paper not to run for more than 90 days, except agricultural and cattle paper in amount fixed by Federal Reserve Board, having a maturity not to exceed six months.

Discount acceptances bearing endorsement of one Member Bank based on exportation or importation of goods, and maturing in not more than three months, amount of such acceptances not to exceed one-half of capital and surplus of bank for which discount is made.

Issue circulating notes under conditions provided in National Bank Act, except that issue is not limited to amount of capital.

Under regulations of Federal Reserve Board may buy and sell, with or without endorsement of a Member Bank, cable transfers, bankers' acceptances and bills of exchange of kind named above.*

Deal in gold coin and bullion.

Buy and sell U. S. Bonds and notes; also State, County, District, or Municipal notes, revenue bonds or warrants having not more than six months to run.

Buy from Member Banks and sell bills of exchange arising out of commercial transactions.

Establish branches in District under regulations approved by Federal Reserve Board.

Establish from time to time rates of discount.

With consent of Federal Reserve Board, open bank accounts and establish agencies in foreign countries to deal in two-name bills of exchange, having not more than 90 days to run.

Open accounts with other Federal Reserve Banks for exchange purposes.

No government funds, public funds of the Philippine Islands, nor postal savings funds shall be deposited in any bank in the continental U. S. not belonging to this system.

Note Issue

Federal Reserve Notes, obligations of U. S., to be issued to Federal Reserve Banks at discretion of Federal Board; denominations \$5, \$10, \$20, \$50, \$100; redeemable in gold or lawful money at any Federal Reserve Bank, and in gold at U. S. Treasury; secured by equal amount of paper accepted for rediscount, and, by first lien equally with circulating notes secured by U. S. bonds, on all assets of issuing bank; receivable for all taxes, customs, and other public dues.

Federal Reserve Banks allowed to substitute collateral.

Notes must be forwarded to issuing bank for credit or redemption when received at other Federal Reserve Banks.

Federal Reserve Banks shall carry 40 per cent gold reserve against outstanding notes, of which not less than 5% shall be with U. S. Treasury.

When gold reserve, by permission of Federal Reserve Board, falls below 40%, Board shall establish tax of not more than 1% on deficiency down to 32½%; below that not less than 1½% increasingly upon each 2½% decrease; tax to be paid by Reserve Bank but added to rates of discount fixed by Board.

No Federal Reserve Bank shall pay out notes of another bank under penalty of 10 per cent face of notes.

Federal Reserve Board has right to reject application for notes of any Federal Reserve Bank.

Notes presented for redemption at U. S. Treasury shall be paid and returned to Federal Reserve Bank. If presented otherwise than for redemption may be exchanged for gold and returned to issuing bank, or they may be returned for credit of U. S.

Member Banks

Duties and Powers

Every National Bank must within 30 days after notification from Organization Committee, and eligible State Institutions may, at any time join the Federal Reserve

Bank in their District, by subscribing to stock a sum equal to 6 per cent of their paid-up capital and surplus, one-sixth to be payable on call, one-sixth within three months, and one-sixth within six months thereafter, the remainder on call.

Any National Bank failing to accept terms of this Act within sixty days after its passage shall cease to act as reserve agent, and failing to comply with the Act within one year after its passage shall forfeit its franchise under the National Bank Act.

National Banks having capital and surplus of \$1,000,000 or more may, with permission of Federal Reserve Board, establish foreign branches.

May accept drafts or bills of exchange having not more than six months to run, drawn upon them for exportation or importation of goods, up to one-half of capital and surplus.

National Banks, if not in a Central Reserve City, may make loans maturing in not to exceed five years on farm lands within District at not to exceed 50 per cent of value of property, up to an aggregate of 25 per cent of capital and surplus, or to one-third of time deposits.

National banks permitted to receive time deposits and to pay interest thereon.

No bank subject to visitorial powers except such as authorized by law.

No officer, director, employee or attorney shall receive directly or indirectly, under penalty of fine and imprisonment, any fee, commission, gift, or other consideration in connection with the business of the bank, except the usual salary or director's fee.

Comptroller of Currency, with approval of Secretary of Treasury, shall appoint examiners who shall examine each Member Bank at least twice in each calendar year. Examination of State Institutions by State authorities may be accepted.

Requirement that National Banks shall deposit U. S. bonds with Treasurer repealed.

State Banks may become National Banks.

State Banks upon becoming Member Banks must conform to National Bank Act as follows: Limitation of liability to such banks; prohibition against purchase of or loans on stock of such banks; impairment of capital; payment of unearned dividends; and to rules of Federal Reserve Board, and shall also be liable to certain penalties under said Act.

May charge customers actual expense of collections and of exchange, rate of charge for collections to be fixed by Federal Reserve Board.

Except by permission of Federal Reserve Board, no Member Bank shall act as agent for non-member banks in obtaining discounts.

National Banks in Alaska or insular possessions may remain non-member banks under National Bank Act, or, except those in Philippines, may with consent of Federal Reserve Board become members.

National Banks may, by special permission of Federal Reserve Board, act as trustee, executor, administrator, and registrar.

Provisions of Aldrich-Vreeland Act extended to June 30th, 1915, with changes in tax rates on circulation, and R. S. Sections 5153, 5172, 5191, and 5214 re-enacted to read as prior to May 30th, 1908.

***By Amendment No. 1 to this Act, Secretary of Treasury may permit national banks to issue circulating notes not to exceed 125 per centum of capital and surplus, against which redemption fund in gold of not less than 5 per centum must be maintained in the United States Treasury.**

Reserves

In estimating reserves net balance of amounts due to and from other banks shall be basis for ascertaining the bank deposits against which reserves shall be determined.

Demand deposits are those payable within 30 days; time deposits those payable after 30 days and those subject to not less than 30 days' notice.

Reserves must be held as follows:

Country Banks
12% of demand
and
5% of time
deposits,
of which

4/12—In own vaults (for first 3 years 5/12).
5/12—In Federal Reserve Bank of home district (2/12 for first year, and 1/12 for each succeeding 6 months up to 5/12.)
3/12—In own vault or in Federal Reserve Bank (for 3 years this may be held in own vault, in Federal Reserve Bank, or with reserve agent as at present).

Reserve City
Banks
15% of demand
and
5% of time
deposits,
of which

5/15—In own vault (for first 3 years 6/15).
6/15—In Federal Reserve Bank (3/15 for first year and 1/15 for each succeeding 6 months up to 6/15).
4/15—In own vault and or in Federal Reserve Bank (for 3 years this may be held in own vault, in Federal Reserve Bank or in national banks in central reserve cities).

Central Reserve
City Banks
18% of demand
and
5% of time
deposits,
of which

6/18—In own vault.
7/18—In Federal Reserve Bank.
5/18—In own vault or Federal Reserve Bank.

Federal Reserve Banks may receive, as one-half of each installment or reserve, paper acceptable for rediscount.

Reserve funds in Federal Reserve Banks may be checked against to meet existing liabilities, but reserve must be restored before new loans or dividends can be made or declared.

Section in former law providing that 5 per cent redemption fund be considered part of reserve is repealed.

No Member Bank shall keep on deposit with a non-member bank more than 10 per cent of its own capital and surplus, except where State laws specify that reserves of State Banks shall or may be kept with State Institutions. . Deposits so kept, for a period of three years after organization of Federal Reserve Bank of District, shall be considered as reserve deposits with proper reserve agent.

Refunding of U. S. 2 Per Cent Bonds

At any time within twenty years after December 23rd, 1915, at the request of any Member Bank, the Federal Reserve Board may direct Federal Reserve Banks to purchase at par not to exceed \$25,000,000 in any one year, Government 2 per cent bonds used to secure circulation, and circulation thereby secured shall be retired, but Federal Reserve Banks so purchasing may issue circulation as under present National Bank Act.

Any Federal Reserve Bank may exchange U. S. 2 per cent bonds for one-year 3 per cent U. S. gold notes in amount equal to one-half of amount of bonds exchanged, and thirty-year U. S. 3 per cent bonds without circulation privilege equal to remainder, provided such bank agrees to purchase for gold if so requested at the end of each year for thirty years, an amount of notes equal to the notes so received. Such notes on approval of Federal Reserve Board may be exchanged for U. S. 3 per cent thirty-year bonds.

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WAR REVENUE ACT

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II. WAR REVENUE ACT

An Act To increase the internal revenue, and for other purposes.

1.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be levied, collected and paid in lieu of the tax of \$1 now imposed by law, a tax of \$1.50 on all beer, lager beer, ale, porter, and other similar fermented liquor, brewed or manufactured and sold, or stored in warehouse, or removed for consumption or sale, within the United States, by whatever name such liquors may be called, for every barrel containing not more than thirty-one gallons; and at a like rate for any other quantity or for the fractional parts of a barrel authorized and defined by law. And section thirty-three hundred and thirty-nine of the Revised Statutes is hereby amended accordingly: **Provided**, That the additional tax imposed in this section on all fermented liquors stored in warehouse to which a stamp has been affixed shall be assessed and collected in the manner now provided by law for the collection of taxes not paid by stamp: **Provided further**, That until appropriate stamps are prepared and issued of unaffixed stamps heretofore issued for the payment of the internal-revenue tax on fermented liquor may be stamped or imprinted with a suitable device to denote the new rate of tax herein imposed, and shall be affixed to all packages containing such liquors on which the tax imposed by this Act is paid. Any person having possession of unaffixed stamps heretofore issued for the payment of the tax on fermented liquors shall present the same to the collector of the district, who shall receive them at the price paid for such stamps by the purchaser and issue in lieu thereof new or imprinted stamps at the rate provided in this Act.

2.

Sec. 2. That upon all still wines, domestic and imported, when sold or offered for sale or consumption,

there shall be levied and collected taxes as follows: On each bottle containing one-fourth pint or less, one-fourth cent; on each bottle containing more than one-fourth pint and not more than one-half pint, one-half cent; on each bottle containing more than one-half pint and not more than one pint, 1 cent; and on each bottle containing more than one pint and not more than one quart, 2 cents; and on still wines in all other containers, not herein specially provided for, the tax shall be at the rate of 8 cents per gallon.

3.

That upon all domestic and imported champagne and other sparkling wines, and upon all artificially carbonated wines when sold or offered for sale or consumption, there shall be levied and collected taxes as follows: Upon each bottle containing one-half pint or less, 5 cents; on each bottle containing more than one-half pint and not more than one pint, 10 cents; on each bottle containing more than one pint and not more than one quart, 20 cents; and on all other containers at the rate of 20 cents per quart; and on all liqueurs, cordials, or similar compounds, domestic and imported, by whatever name sold or offered for sale, there shall be levied and collected a tax on each

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bottle containing not more than one-half pint, 1½ cents; more than one-half pint and not more than one pint, 3 cents; more than one pint and not more than one quart, 6 cents; and on larger containers a tax at the rate of 24 cents per gallon.

4.

All of the taxes imposed in the preceding paragraphs of this section shall be paid by stamps to be affixed to each bottle or container in which such still wines, champagne wines, carbonated wines, liqueurs, cordials or similar compounds are sold or offered for sale: *Provided*, That when such still wines, champagne wines, carbonated wines, liqueurs, cordials, or similar compounds, taxable under the provisions of this section, are sold or delivered by the producer, importer, or dealer in wholesale quantities to other dealers, including rectifiers, manufacturing chem-

ists, and druggists, the dealer receiving and selling, or offering the same for sale or consumption to any person other than a dealer, shall affix thereto the stamps hereinbefore prescribed: And provided further, That the stamp tax herein imposed shall not be collected on any still wine used by any rectifier, manufacturing chemist, or druggist in the manufacture of any liqueur, cordial, or compound subject to any internal-revenue tax imposed by this Act.

5.

The Commissioner of Internal Revenue shall cause to be prepared suitable and special stamps denoting the tax herein imposed, to be affixed and canceled in such manner as he, with the approval of the Secretary of the Treasury, may prescribe; and in the absence of such stamps from any bottle or container containing wine, liqueur, cordial, or compound taxable under the provisions of this section, sold or offered for sale or consumption, shall be prima facie evidence that the tax thereon has not been paid, and all such wines, liqueurs, cordials, or compounds shall be forfeited to the United States.

6.

There shall be levied and assessed against the maker or producer of all wines fortified under the provisions and conforming to the requirements of the sections of the tariff Act of October first, eighteen hundred and ninety, relating to the fortification of pure sweet wines, as amended, and as further amended by this Act, a tax of 55 cents on each taxable gallon of grape brandy or wine spirits used by him in the fortification of such wines: **Provided, however,** That the maker or producer of such fortified wines shall, under regulations and suitable bonds, to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, have assessed against him monthly the said tax of 55 cents on each taxable gallon of grape brandy or wine spirits used by him during the preceding month, which assessment shall be paid within ninety days from the date of notice thereof: **Provided further,** That nothing herein contained shall be construed as exempting any still

wines, cordials, liqueurs, or similar compounds from the payment of any stamp tax provided for in this section.

7.

The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to make all necessary regulations to make effective the provisions of this section.

8.

That sections forty-two, forty-three, forty-five, forty-six, and forty-nine of the Act of October first, eighteen hundred and ninety, as amended by section sixty-eight of an Act approved August twenty-eighth, eighteen hundred and ninety-four, and by an Act approved June

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seventh, nineteen hundred and six, are further amended to read as follows:

9.

“Sec. 42. That any producer of pure sweet wines may use in the preparation of such sweet wines, under such regulations, and after the filing of such notices and bonds, together with the keeping of such records and the rendition of such reports as to materials and products as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, wine spirits produced by any duly authorized distiller, and the Commissioner of Internal Revenue in determining the liability of any distiller of wine spirits to assessment under section thirty-three hundred and nine of the Revised Statutes, is authorized to allow such distiller credit in his computations for the wine spirits withdrawn to be used in fortifying sweet wines under this Act; Provided, That such wine containing after fortification more than twenty-four per centum of alcohol, as defined by section thirty-two hundred and forty-nine of the Revised Statutes, shall be forfeited to the United States.

10.

“Sec. 43. That the wine spirits mentioned in section forty-two of this Act is the product resulting from the

distillation of fermented grape juice, to which water may have been added prior to, during, or after fermentation, for the sole purpose of facilitating the fermentation and economical distillation thereof, and shall be held to include the product from grapes or their residues commonly known as grape brandy, and shall include commercial grape brandy which may have been colored with burnt sugar or caramel; and the pure sweet wine which may be fortified with wine spirits under the provisions of this Act is fermented or partially fermented grape juice only, with the usual cellar treatment, and shall contain no other substance whatever introduced before, at the time of, or after fermentation except as herein expressly provided: **Provided**, That the addition of pure boiled or condensed grape must or pure crystallized cane or beet sugar, or pure dextrose sugar or water, or any or all of them, to the pure grape juice before fermentation, or to the fermented product of such grape juice, or to both, prior to the fortification provided in this Act, either for the purpose of perfecting sweet wines according to commercial standards or for mechanical purposes, shall not be excluded by the definition of pure sweet wine aforesaid: **Provided**, however, That the cane or beet sugar, or pure dextrose sugar so used shall not be in excess of eleven per centum of the weight of the wine to be fortified under this Act: **And provided further**, That the addition of water herein authorized shall be under such regulations and limitations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time prescribe: **Provided**, however, That records kept in accordance with such regulations as to the percentage of saccharine, acid, alcoholic, and added water content of the wine offered for fortification shall be open to inspection by any official of the Department of Agriculture thereto duly authorized by the Secretary of Agriculture; but in no case shall such wines to which water has been added be eligible for fortification under the provisions of this Act, where the same, after fermentation and before fortification, have an alcoholic strength of less than five per centum of their volume.

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11.

"Sec. 45. That under such regulations and official supervision, and upon the execution of such entries and the giving of such bonds, bills of lading, and other security as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, any producer of pure sweet wines as defined by this Act may withdraw wine spirits from any special bonded warehouse in original packages or from any registered distillery in any quantity not less than eighty wine gallons, and may use so much of the same as may be required by him under such regulations, and after the filing of such notices and bonds and the keeping of such records and the rendition of such reports as to materials and products and the disposition of the same as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, in fortifying the pure sweet wines made by him, and for no other purpose, in accordance with the foregoing limitations and provisions; and the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized whenever he shall deem it to be necessary for the prevention of violations of this law to prescribe that wine spirits withdrawn under this section shall not be used to fortify wines except at a certain distance prescribed by him from any distillery, rectifying house, winery, or other establishment used for producing or storing distilled spirits, or for making or storing wines other than wines which are so fortified, and that in the building in which such fortification of wines is practiced no wines or spirits other than those permitted by this regulation shall be stored in any room or part of the building in which fortification of wines is practiced. The use of wine spirits for the fortification of sweet wines under this Act shall be under the immediate supervision of an officer of internal revenue, who shall make returns describing the kinds and quantities of wine so fortified, and shall affix such stamps and seals to the packages containing such wines as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and the Commissioner of Internal Revenue shall provide by

regulations the time within which wines so fortified with the wine spirits so withdrawn may be subject to inspection, and for final accounting for the use of such wine spirits and for rewarehouseing or for payment of the tax on any portion of such wine spirits which remain not used in fortifying pure sweet wines.

12.

"Sec. 46. That wine spirits may be withdrawn from special bonded warehouses at the instance of any person desiring to use the same to fortify any wines, in accordance with commercial demands of foreign markets, when such wines are intended for exportation, without the payment of tax on the amount of wine spirits used in such fortification, under such regulations, and after making such entries, and executing and filing with the collector of the district from which the removal is to be made such bonds and bills of lading, and giving such other additional security to prevent the use of such wine spirits free of tax otherwise than in the fortification of wine intended for exportation and for the due exportation of the wine so fortified, as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and all of the provisions of law governing the exportation of distilled spirits free of tax, so far as applicable, shall apply to the withdrawal and use of wine spirits and the exportation of the same in accordance

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with this section; and the Commissioner of Internal Revenue is authorized, subject to the approval of the Secretary of the Treasury, to prescribe that wine spirits intended for the fortification of wines under this section shall not be introduced into such wines except under the immediate supervision of an officer of internal revenue, who shall make returns describing the kinds and quantities of wines so fortified, and shall affix such stamps and seals to the packages containing such wines as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Whenever transportation of such wine is to be effected

by land carriage the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as to sealing packages and vehicles containing the same, and as to the supervision of transportation from the point of departure, which point shall be determined as the place where such wine spirits may be introduced into such wines to the point of destination as may be necessary to insure the due exportation of such fortified wines: **Provided**, That where, in accordance with regulations of the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, wines fortified under the provisions of this Act with brandy taxable at 55 cents per proof gallon are exported directly from the winery where fortified, there shall be allowed an abatement or refund of tax equivalent to 55 cents per gallon on each proof gallon of wine spirits contained in such wine at the time of exportation, which amount of wine spirits shall be ascertained by the Commissioner of Internal Revenue under regulations approved by the Secretary of the Treasury: **Provided**, That such wine spirits on which abatement or refund of tax is allowed shall not exceed the total amount of alcohol in such wine over and above fourteen per centum thereof.

13.

“Sec. 49. That wine spirits used in fortifying wines may be recovered from such wines only on the premises of a duly authorized grape-brandy distiller, and for the purpose of such recovery wine so fortified may be received as material on the premises of such a distiller, on a special permit of the collector of internal revenue in whose district the distillery is located; and the distiller will be held to pay the tax on the product from such wines as will include both the alcoholic strength therein produced by the fermentation of the grape juice and that obtained from the added distilled wine spirits: **Provided**, That when application for such special permit for redistillation shall be made by the producer of any wines fortified with brandy subject to the tax of 55 cents per proof gallon, before such wine shall have been moved from the premises of the winery where fortified and the redistillation is had under regulations made by the Commissions

of Internal Revenue, with the approval of the Secretary of the Treasury, an abatement or refund of the tax assessed against said producer shall be allowed equivalent to 55 cents per proof gallon of brandy contained in said spirits at the time of redistillation, which amount of brandy shall be ascertained by the Commissioner of Internal Revenue, under regulations approved by the Secretary of the Treasury, and wine spirits so recovered may be used in the manner provided by law for the fortification of other wine: **Provided, That such wine spirits on which abatement or refund of tax is allowed shall not exceed the total amount of alcohol in such wine over and above fourteen per centum thereof.**"

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14.

That section three and section six of the Act of June seventh, nineteen hundred and six, amending the laws relating to the fortification of pure sweet wines, are hereby amended to read as follows:

15.

"Sec. 3. That the Commissioner of Internal Revenue is hereby authorized to assign at each winery where wines are to be fortified such number of gaugers or store-keeper gaugers, in the capacity of gaugers, for special duties as may be necessary for the proper supervision of the making and fortifying of such wines, and the compensation of such officers shall not exceed \$5 per diem while so assigned, together with their actual and necessary traveling expenses, and also a reasonable allowance for their board bills, to be fixed by the Commissioner of Internal Revenue, but not to exceed \$2 per diem for said board bills. That bonds hereafter given under the provisions of the aforesaid Act of October first, eighteen hundred and ninety, as amended, shall be conditioned for the payment of the tax on all brandy removed thereunder and not used and accounted for within the time and in the manner required by law and regulations, and for the payment of all taxes imposed on the brandy so withdrawn and used for fortifications; and the said bonds.

shall contain such other conditions as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may by regulation prescribe.

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"Sec. 6. That any person who by any process recovers from wines fortified under the provisions of the aforesaid Act approved October first, eighteen hundred and ninety, as amendments thereto, any brandy or wine spirits used in the manufacture or fortification of said wine, otherwise than is provided for in said Act and its amendments, or who shall rectify, mix, or compound with distilled spirits or other materials, except as provided in this Act, such grape brandy, fortified wines or wine spirits unlawfully recovered therefrom, shall, on conviction, be punished for each such offense by a fine of not less than \$200 nor more than \$1,000. But the provisions of this section and the provisions of section thirty-two hundred and forty-four of the Revised Statutes of the United States, as amended, relating to rectification, or other internal revenue laws of the United States, shall not be held to apply to or prohibit the mixing or blending of pure sweet wines fortified under the provisions of this Act with each other or with other wines: **Provided**, That the pure sweet wines fortified under the provisions of this Act may be used in the manufacture of cordials, liqueurs, and similar compounds on which an internal revenue tax of 24 cents a gallon is imposed, and otherwise the provision of section thirty-two hundred and forty-four of the Revised Statutes of the United States shall remain in full force and effect."

SPECIAL TAXES

17.

Sec. 3. That on and after November first, nineteen hundred and fourteen, special taxes shall be, and hereby are, imposed annually as follows, that is to say:

18.

First. Bankers shall pay \$1 for each \$1,000 of capital used or employed, and in estimating capital surplus and undivided profits shall be included. The amount of such

annual tax shall in all cases be computed on the basis of the capital, surplus, and undivided profits for the preceding fiscal year. Every person, firm, or company, and every incorporated or other bank, having a place of busi-

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ness where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check, or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange, or promissory notes are received for discount or sale, shall be a banker under this Act: **Provided**, That any postal savings bank, or savings bank having no capital stock, and whose business is confined to receiving deposits and loaning or investing the same for the benefit of its depositors, and which does no other business of banking, shall not be subject to this tax.

19.

Second. Brokers shall pay \$30. Every person, firm or company, whose business it is to negotiate purchases or sales of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities, for themselves or others, shall be regarded as a broker: **Provided**, That any person having paid the special tax as a banker shall not be required to pay the special tax as a broker.

20.

Third. Pawnbrokers shall pay \$50. Every person, firm, or company whose business or occupation it is to take or receive, by way of pledge, pawn, or exchange, any goods, wares, or merchandise, or any kind of personal property whatever, as security for the repayment of money loaned thereon, shall be deemed a pawnbroker.

21.

Fourth. Commercial brokers shall pay \$20. Every person, firm, or company whose business it is as a broker to negotiate sales or purchase of goods, wares, produce, or merchandise, or to negotiate freights and other busi-

ness for the owners of vessels, or for the shippers or consignors or consignees of freight carried by vessels, shall be regarded as a commercial broker under this Act.

22.

Fifth. Custom-house brokers shall pay \$10. Every person, firm, or company whose occupation it is, as the agent of others, to arrange entries and other custom-house papers, or transact business at any port of entry relating to the importation or exportation of goods, wares, or merchandise, shall be regarded as a custom-house broker.

23.

Sixth. Proprietors of theaters, museums, and concert halls, where a charge for admission is made, having a seating capacity of not more than two hundred and fifty, shall pay \$25; having a seating capacity of more than two hundred and fifty and not exceeding five hundred, shall pay \$50; having a seating capacity exceeding five hundred and not exceeding eight hundred, shall pay \$75; having a seating capacity of more than eight hundred, shall pay \$100. Every edifice used for the purpose of dramatic or operatic or other representations, plays, or performances, for admission to which entrance money is received, not including halls or armories rented or used occasionally for concerts or theatrical representations, shall be regarded as a theater: **Provided**, That whenever any such edifice is under lease at the passage of this Act, the tax shall be paid by the lessee, unless otherwise stipulated between the parties to said lease.

24.

Seventh. The proprietor or proprietors of circuses shall pay \$100. Every building, space, tent, or area where feats of horsemanship or acrobatic sports or theatrical performances not otherwise provided for in this Act are exhibited shall be regarded as a circus: **Provided**, That no special tax paid in one State, Territory, or the District of Columbia shall exempt exhibitions from the tax in another State, Territory, or the District of Columbia, and but one special tax shall be imposed for exhibitions within any one State, Territory, or District.

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25.

Eighth. Proprietors or agents of all other public exhibitions or shows for money not enumerated in this section shall pay \$10; **Provided**, That a special tax paid in one State, Territory, or the District of Columbia shall not exempt exhibitions from the tax in another State, Territory, or the District of Columbia, and but one special tax shall be required for exhibitions within any one State, Territory, or the District of Columbia: **Provided further**, That this paragraph shall not apply to Chautauquas, lecture lyceums, agricultural or industrial fairs, or exhibitions held under the auspices of religious or charitable associations.

26.

Ninth. Proprietors of bowling alleys and billiard rooms shall pay \$5 for each alley or table. Every building or place where bowls are thrown or where games of billiards or pool are played, and that are open to the public with or without price, shall be regarded as a bowling alley or a billiard room, respectively.

27.

Tenth. Commission merchants shall pay \$20. Every person, firm, or company whose business or occupation it is to receive into his or its possession any goods, wares, or merchandise to sell the same on commission shall be regarded as a commission merchant: **Provided**, That any person having paid the special tax as a commercial broker shall not be required to pay the special tax as a commission merchant: **Provided further**, That this provision shall not apply to commission houses run upon a cooperative plan.

Tobacco Dealers and Manufacturers

28.

Sec. 4. That on and after November first, nineteen hundred and fourteen, special taxes on tobacco dealers and manufacturers shall be and hereby are imposed annually as follows, the amount of such annual taxes to be

computed in all cases on the basis of the annual sales for the preceding fiscal year:

29.

Dealers in leaf tobacco whose annual sales or transfers do not exceed fifty thousand pounds shall each pay \$6. Dealers in leaf tobacco whose annual sales or transfers exceed fifty thousand and do not exceed one hundred thousands pounds shall pay \$12, and if their annual sales or transfers exceed one hundred thousand pounds shall pay \$24: **Provided**, That dealers in leaf tobacco whose annual sales or transfers do not exceed one thousand pounds shall be exempt from the tax herein imposed on dealers in leaf tobacco.

30.

Dealers in tobacco, not specially provided for in this section, whose annual receipts from the sale of tobacco exceed \$200, shall each pay \$4.80 for each store, shop, or other place in which tobacco in any form is sold.

31.

Every person whose business it is to sell, or offer for sale, manufactured tobacco, snuff, cigars, or cigarettes shall be regarded as a dealer in tobacco: **Provided**, That no manufacturer of tobacco, snuff, cigars, or cigarettes shall be required to pay a special tax as a dealer in manufactured tobacco, snuff, cigars, or cigarettes for selling his own products at the place of manufacture.

32.

Manufacturers of tobacco whose annual sales do not exceed one hundred thousand pounds shall each pay \$6.

33.

Manufacturers of tobacco whose annual sales exceed one hundred thousand and do not exceed two hundred thousand pounds shall each pay \$12.

34.

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Manufacturers of tobacco whose annual sales exceed two hundred thousand and do not exceed four hundred thousand pounds shall each pay \$24.

35.

Manufacturers of tobacco whose annual sales exceed four hundred thousand and do not exceed one million pounds shall each pay \$60.

36.

Manufacturers of tobacco whose annual sales exceed one million and do not exceed five million pounds shall each pay \$300.

37.

Manufacturers of tobacco whose annual sales exceed five million and do not exceed ten million pounds shall each pay \$600.

38.

Manufacturers of tobacco whose annual sales exceed ten million and do not exceed twenty million pounds shall each pay \$1,200.

39.

Manufacturers of tobacco whose annual sales exceed twenty million pounds shall each pay \$2,496.

40.

Manufacturers of cigars whose annual sales do not exceed one hundred thousand cigars shall each pay \$3.

41.

Manufacturers of cigars whose annual sales exceed one hundred thousand and do not exceed two hundred thousand cigars shall each pay \$6.

42.

Manufacturers of cigars whose annual sales exceed two hundred thousand and do not exceed four hundred thousand cigars shall each pay \$12.

43.

Manufacturers of cigars whose annual sales exceed four hundred thousand and do not exceed one million cigars shall each pay \$30.

44.

Manufacturers of cigars whose annual sales exceed one million and do not exceed five million cigars shall each pay \$150.

45.

Manufacturers of cigars whose annual sales exceed five million and do not exceed twenty million cigars shall each pay \$600.

46.

Manufacturers of cigars whose annual sales exceed twenty million and do not exceed forty million cigars shall each pay \$1,200.

47.

Manufacturers of cigars whose annual sales exceed forty million cigars shall each pay \$2,496.

48.

Manufacturers of cigarettes whose annual sales do not exceed one million cigarettes shall each pay \$12.

49.

Manufacturers of cigarettes whose annual sales exceed one million and do not exceed two million cigarettes shall each pay \$24.

50.

Manufacturers of cigarettes whose annual sales exceed two million and do not exceed five million cigarettes shall each pay \$60.

51.

Manufacturers of cigarettes whose annual sales exceed five million and do not exceed ten million cigarettes shall each pay \$120.

52.

Manufacturers of cigarettes whose annual sales exceed ten million and do not exceed fifty million cigarettes shall each pay \$600.

53.

Manufacturers of cigarettes whose annual sales exceed fifty million cigarettes and do not exceed one hundred million cigarettes shall each pay \$1,200.

54.

Manufacturers of cigarettes whose annual sales exceed one hundred million cigarettes shall each pay \$2,496.

55.

In arriving at the amount of license tax to be paid hereunder, and in the levy and collection of such tax, each person, firm, or corporation engaged in the manufacture of cigars, cigarettes (including little cigars), or tobacco shall be considered and deemed a single manufacturer.

56.

And every person who carries on any business or occupation for which special taxes are imposed by this Act, without having paid the special tax herein provided, shall, besides being liable to the payment of such special tax,

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be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court: **Provided**, That the special taxes imposed by this Act and payable during the special tax year ending June thirtieth, nineteen hundred and sixteen, shall be collected and paid proportionately for the period during which such taxes shall remain in force during said year.

Adhesive Stamps

57.

Sec. 5. That on and after the first day of December, nineteen hundred and fourteen, there shall be levied, collected, and paid, for and in respect of the several bonds, debentures, or certificates of stock and of indebtedness, and other documents, instruments, matters, and things mentioned and described in Schedule A of this Act, or for or in respect of the vellum, parchment, or paper upon which such instruments, matters, or things, or any of them, shall be written or printed by any person or persons, or party who shall make, sign, or issue the same, or for whose use or benefit the same shall be made, signed

or issued, the several taxes or sums of money set down in figures against the same, respectively, or otherwise specified or set forth in the said schedule.

58.

And there shall also be levied, collected, and paid, for and in respect to the preparations, matters, and things mentioned and described in Schedule B of this Act, manufactured, sold, or removed for sale, the several taxes or sums of money set down in words or figures against the same, respectively, or otherwise specified or set forth in Schedule B of this Act.

59.

Sec. 6. That if any person or persons shall make, sign, or issue, or cause to be made, signed, or issued, any instrument, document, or paper of any kind or description whatsoever, without the same being duly stamped for denoting the tax hereby imposed thereon, or without having thereupon an adhesive stamp to denote said tax, such person or persons shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$100, at the discretion of the court.

60.

Sec. 7. That if any person shall forge or counterfeit, or cause or procure to be forged or counterfeited, any stamp, die, plate, or other instrument, or any part of any stamp, die, plate or other instrument which shall have been provided, or may hereafter be provided, made, or used in pursuance of this Act, or shall forge, counterfeit, or resemble, or cause or procure to be forged, counterfeited, or resembled, the impression, or any part of the impression, of any such stamp, die, plate, or other instrument, as aforesaid, upon any vellum, parchment, or paper, or shall stamp or mark, or cause or procure to be stamped or marked, any vellum, parchment, or paper with any such forged or counterfeited stamp, die, plate, or other instrument, or part of any stamp, die, plate, or other instrument, as aforesaid, with intent to defraud the United States of any of the taxes hereby imposed, or any part thereof; or if any person shall utter, or sell, or expose for sale, any vellum, parchment, paper, article, or

thing having thereupon the impression of any such counterfeit stamp, die, plate, or other instrument, or any part of any stamp, die, plate, or other instrument, or any such forged, counterfeited, or resembled impression, or part of impression, as aforesaid, knowing the same to be forged, counterfeited, or resembled; or if any person

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shall knowingly use or permit the use of any stamp, die, plate, or other instrument, which shall have been so provided, made, or used as aforesaid, with intent to defraud the United States; or if any person shall fraudulently cut, tear, or remove, or cause or procure to be cut, torn, or removed, the impression of any stamp, die, plate, or other instrument which shall have been provided, made, or used in pursuance of this Act from any vellum, parchment, or paper, or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall fraudulently use, join, fix, or place, or cause to be used, joined, fixed, or placed, to, with, or upon any vellum, parchment, paper, or any instrument or writing charged or chargeable with any of the taxes hereby imposed, any adhesive stamp, or the impression of any stamp, die, plate, or other instrument, which shall have been provided, made, or used in pursuance of law, and which shall have been cut, torn, or removed from any other vellum, parchment, or paper, or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall willfully remove or cause to be removed, alter or cause to be altered, the canceling or defacing marks of any adhesive stamp with intent to use the same, or to cause the use of the same, after it shall have been once used, or shall knowingly or willfully sell or buy such washed or restored stamp, or offer the same for sale, or give or expose the same to any person for use, or knowingly use the same, or prepare the same with intent for the further use thereof; or if any person shall knowingly and without lawful excuse (the proof whereof shall lie on the person accused) have in his possession any washed, restored, or altered stamp which has been removed from any vellum, parchment, paper, instrument, or writing, then, and in every such case,

every person so offending, and every person knowingly and willfully aiding, abetting, or assisting in committing any such offenses as aforesaid shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall forfeit the said counterfeit stamps and the articles upon which they are placed, and shall be punished by fine not exceeding \$1,000, or by imprisonment and confinement at hard labor not exceeding five years, or both, at the discretion of the court.

61.

Sec. 8. That in any and all cases where an adhesive stamp shall be used for denoting any tax imposed by this Act, except as hereinafter provided, the person using or affixing the same shall write or stamp thereupon the initials of his name and the date upon which the same shall be attached or used, so that the same may not again be used. And if any person shall fraudulently make use of an adhesive stamp to denote any tax imposed by this Act without so effectually canceling and obliterating such stamp, except as before mentioned, he, she, or they shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$500, or be imprisoned not more than six months, or both, at the discretion of the court: **Provided**, That instead of cancellation by initials and date, the stamps on the articles enumerated in Schedule B shall be so affixed on the box, bottle, or package that in opening the same, or using the contents thereof, the said stamp shall be effectually destroyed; and in default thereof the party making default shall be liable to the same penalty imposed for neglect to affix said stamp as hereinbefore prescribed in this Act.

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62.

Sec. 9. That if any person or persons shall make, sign, or issue, or cause to be made, signed, or issued, or shall accept or pay, or cause to be accepted or paid, with design to evade the payment of any stamp tax, any promissory note liable to any of the taxes imposed by this Act, without the same being duly stamped, or having thereupon an adhesive stamp for denoting the tax hereby charged thereon, he, she, or they shall be deemed guilty of a mis-

demeanor, and upon conviction thereof shall be punished by a fine not exceeding \$200, at the discretion of the court.

63.

Sec. 10. That the collectors of the several districts are hereby authorized and required to furnish to any assistant treasurer of the United States or designated depository thereof, or any postmaster located in their collection districts, respectively, a suitable quantity of adhesive stamps, without prepayment therefor, and may in advance require of any designated depository, assistant treasurer of the United States, or postmaster a bond, with sufficient sureties, to an amount equal to the value of the adhesive stamps which may be placed in his hands and remain unaccounted for, conditioned for the faithful return, whenever so required, of all quantities or amounts undisposed of, and for the payment monthly of all quantities or amounts sold or not remaining on hand. And it shall be the duty of such collectors to supply their deputies with, or sell to other parties within their respective districts who may make application therefor, adhesive stamps, upon the same terms allowed by law or under the regulations of the Commissioner of Internal Revenue, who is hereby authorized to make such other regulations, not inconsistent herewith, for the security of the United States and the better accommodation of the public, in relation to the matters hereinbefore mentioned, as he may judge necessary and expedient. And the Secretary of the Treasury may from time to time make such regulations as he may find necessary to insure the safe-keeping or prevent the illegal use of all such adhesive stamps.

64.

Sec. 11. That any person or persons who shall register, issue, sell, or transfer, or who shall cause to be issued, registered, sold, or transferred, any instrument, document, or paper of any kind or description whatsoever mentioned in Schedule A of this Act, without the same being duly stamped, or having thereupon an adhesive stamp for denoting the tax chargeable thereon, and canceled in the manner required by law, with intent to evade the provisions of this Act, shall be deemed guilty of a mis-

demeanor, and upon conviction thereof shall be punished by a fine not exceeding \$50, or by imprisonment not exceeding six months, or both, in the discretion of the court: **Provided**, That hereafter, in all cases where the party has not affixed to any instrument the stamp required by law thereon at the time of issuing, selling, or transferring the said bonds, debentures, or certificates of stock or of indebtedness, and he or they, or any party having an interest therein, shall be subsequently desirous of affixing such stamp to said instrument, or, if said instrument be lost, to a copy thereof, he or they shall appear before the collector of internal revenue of the proper district, who shall, upon the payment of the price of the proper stamp required by law, and of a penalty of \$10, and, where the whole amount of the tax denoted by the stamp required shall exceed the sum of \$50, on payment also of interest, at the rate of six per centum, on said tax from the day on which such stamp ought to have been

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affixed, affix the proper stamp to such bond, debenture, certificate of stock or of indebtedness or copy, and note upon the margin thereof the date of his so doing, and the fact that such penalty has been paid; and the same shall thereupon be deemed and held to be as valid, to all intents and purposes, as if stamped when made or issued; **And provided further**, That where it shall appear to said collector, upon oath or otherwise, to his satisfaction, that any such instrument has not been duly stamped, at the time of making or issuing the same, by reason of accident, mistake, inadvertence, or urgent necessity, and without any willful design to defraud the United States of the stamp, or to evade or delay the payment thereof, then and in such case, if such instrument, or, if the original be lost, a copy thereof, duly certified by the officer having charge of any records in which such original is required to be recorded, or otherwise duly proven to the satisfaction of the collector, shall, within twelve calendar months after the making or issuing thereof, be brought to the said collector of internal revenue to be stamped, and the stamp tax chargeable thereon shall be paid, it shall be lawful

for the said collector to remit the penalty aforesaid and to cause such instrument to be duly stamped. And when the original instrument, or a certified or duly proven copy thereof, as aforesaid, duly stamped so as to entitle the same to be recorded, shall be presented to the clerk, register, recorder, or other officer having charge of the original record, it shall be lawful for such officer, upon the payment of the fee legally chargeable for the recording thereof, to make a new record thereof, or to note upon the original record the fact that the error or omission in the stamping of said original instrument has been corrected pursuant to law; and the original instrument or such certified copy, or the record thereof, may be used in all courts and places in the same manner and with like effect as if the instrument had been originally stamped: **And provided further,** That in all cases where the party has not affixed the stamp required by law upon any such instrument issued, registered, sold, or transferred at a time when and at a place where no collection district was established, it shall be lawful for him or them, or any party having an interest therein, to affix the proper stamp thereto, or, if the original be lost, to a copy thereof. But no right acquired in good faith before the stamping of such instrument, or copy thereof, as herein provided, if such record be required by law, shall in any manner be affected by such stamping as aforesaid.

65.

Sec. 12. That hereafter no instrument, paper, or document required by law to be stamped, which has been signed or issued without being duly stamped, or with a deficient stamp, nor any copy thereof, shall be recorded until a legal stamp or stamps, denoting the amount of tax, shall have been affixed thereto, as prescribed by law: **Provided,** That any bond, debenture, certificate of stock, or certificate of indebtedness issued in any foreign country shall pay the same tax as is required by law on similar instruments when issued, sold, or transferred in the United States; and the party to whom the same is issued, or by whom it is sold or transferred, shall, before selling or transferring the same, affix thereon the stamp or stamps indicating the tax required.

66.

Sec. 13. That it shall not be lawful to record or register any instrument, paper, or document required by law to be stamped unless a stamp or stamps of the proper

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amount shall have been affixed and canceled in the manner prescribed by law.

67.

Sec. 14. That no instrument, paper, or document required by law to be stamped shall be deemed or held invalid and of no effect for the want of a particular kind or description of stamp designated for and denoting the tax charged on any such instrument, paper, or document, provided a legal documentary stamp or stamps denoting a tax of equal amount shall have been duly affixed and used thereon.

68.

Sec. 15. That all bonds, debentures, or certificates of indebtedness issued by the officers of the United States Government, or by the officers of any State, county, town, municipal corporation, or other corporation exercising the taxing power, shall be, and hereby are, exempt from the stamp taxes required by this Act: **Provided**, That it is the intent hereby to exempt from the stamp taxes imposed by this Act such State, county, town, or other municipal corporations in the exercise only of functions strictly belonging to them in their ordinary governmental, taxing, or municipal capacity: **Provided further**, That stock and bonds issued by cooperative building and loan associations, mutual ditch or irrigating companies, and building and loan associations or companies that make loans only to their shareholders, shall be exempt from the tax herein provided.

69.

Sec. 16. That all the provisions of this Act relating to dies, stamps, adhesive stamps, and stamp taxes shall extend to and include (except where manifestly inapplicable) all the articles or objects enumerated in Schedule

B, subject to stamp taxes, and apply to the provisions in relation thereto.

70.

Sec. 17. That on and after December first, nineteen hundred and fourteen, any person, firm, company, or corporation that shall make, prepare, and sell, or remove for consumption or sale, perfumery, cosmetics, preparations, compositions, articles, or things upon which a tax is imposed by this Act, as provided for in Schedule B, without affixing thereto an adhesive stamp or label denoting the tax before mentioned shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court.

71.

Sec. 18. That any manufacturer or maker of any of the articles for sale mentioned in Schedule B, after the same shall have been so made, and the particulars hereinbefore required as to stamps have been complied with, or any other person who shall take off, remove, or detach, or cause, or permit, or suffer to be taken off, or removed or detached, any stamp, or who shall use any stamp, or any wrapper or cover to which any stamp is affixed, to cover any other article or commodity than that originally contained in such wrapper or cover, with such stamp when first used, with the intent to evade the stamp duties, shall for every such article, respectively, in respect of which any such offense shall be committed, be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court, and every such article or commodity as aforesaid shall also be forfeited.

72.

Sec. 19. That any maker or manufacturer of any of the articles or commodities mentioned in Schedule B, as aforesaid, or any other person who shall sell, send out, remove, or deliver any article or commodity, manufact-

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ured as aforesaid, before the tax thereon shall have been fully paid by affixing thereon the proper stamp, as in this Act provided, or who shall hide or conceal, or cause to be hidden or concealed, or who shall remove or convey away, or deposit, or cause to be removed or conveyed away from or deposited in any place, any such article or commodity, to evade the tax chargeable thereon, or any part thereof, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court, together with the forfeiture of any such article or commodity: **Provided**, That articles upon which stamp taxes are required by this Act may, when intended for exportation, be manufactured and sold or removed without having stamps affixed thereto, and without being charged with tax as aforesaid; and every manufacturer or maker of any article as aforesaid, intended for exportation, shall give such bonds and be subject to such rules and regulations to protect the revenue against fraud as may be from time to time prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

73.

Sec. 20. That every manufacturer or maker of any of the articles or commodities provided for in Schedule B, or his foreman, agent, or superintendent, shall at the end of each and every month make, sign, and file with the collector of internal revenue for the district in which he resides a declaration in writing that no such article or commodity has, during such preceding month or time when the last declaration was made, been removed, or carried, or sent, or caused or suffered or known to have been removed, carried, or sent from the premises of such manufacturer or maker other than such as have been duly taken account of and charged with the stamp tax, on pain of such manufacturer or maker forfeiting for every refusal or neglect to make such declaration \$100; and if any such manufacturer or maker, or his foreman, agent, or superintendent, shall make any false or untrue declaration, such manufacturer or maker, or foreman, agent,

or superintendent making the same shall be deemed guilty of a misdemeanor, and upon conviction shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court.

74.

Sec. 21. That the stamp taxes prescribed in this Act on the articles provided for in Schedule B shall attach to all such articles and things sold or removed for sale thirty days after the approval of this Act. Every person, except as otherwise provided in this Act, who offers or exposes for sale any article or thing provided for in said Schedule B, whether the article or thing provided for in said Schedule B, whether the article so offered or exposed is of foreign manufacture and imported or of domestic manufacture, shall be deemed the manufacturer thereof, and shall be subject to all the taxes, liabilities, and penalties imposed by law for the sale of articles without the use of the proper stamp denoting the tax paid thereon; and all such articles of foreign manufacture shall, in addition to the import duty imposed on the same, be subject to the stamp tax prescribed in this Act: Provided further, That internal revenue stamps required by existing law on imported merchandise shall be affixed thereto and canceled at the expense of the owner or importer before the withdrawal of such merchandise for consumption, and

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the Secretary of the Treasury is authorized to make such rules and regulations as may be necessary for the affixing and canceling of such stamps, not inconsistent herewith.

75.

Sec. 22. That the Commissioner of Internal Revenue shall cause to be prepared and distributed for the payment of the taxes prescribed in this Act suitable stamps denoting the tax on the document, article, or thing to which the same may be affixed, and he is authorized to prescribe such method for the cancellation of said stamps, as substitute for or in addition to the method provided in this Act, as he may deem expedient. The Commissioner

of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to procure any of the stamps provided for in this Act by contract whenever such stamps can not be speedily prepared by the Bureau of Engraving and Printing; but this authority shall expire on the first day of November, nineteen hundred and fifteen, except as to imprinted stamps furnished under contract, authorized by the Commissioner of Internal Revenue. That the adhesive stamps used in the payment of the tax levied in Schedules A and B of this Act shall be furnished for sale by the several collectors of internal revenue, who shall sell and deliver them at their face value to all persons applying for the same, except officers or employees of the Internal-Revenue Service: **Provided,** That such collectors may sell and deliver such stamps in quantities of not less than \$100 of face value, with a discount of one per centum, except as otherwise provided in this Act.

SCHEDULE A

Stamp Taxes

76.

Bonds, debentures, or certificates of indebtedness issued on and after the first day of December, nineteen hundred and fourteen, by any association, company, or corporation, on each \$100 of face value or fraction thereof, 5 cents, and on each original issue, whether on organization or reorganization, of certificates of stock by any such association, company, or corporation, on each \$100 of face value or fraction thereof, 5 cents, and on all sales, or agreements to sell, or memoranda of sales or deliveries or transfers of shares or certificates of stock in any association, company, or corporation, whether made upon or shown by the books of the association, company, or corporation, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale, whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money or for the future transfer of any stock, on each \$100 of face value or fraction thereof, 2 cents: **Provided,** That it is not intended by this Act to impose a tax upon an agreement evidencing

a deposit of stock certificates as collateral security for money loaned thereon, which stock certificates are not actually sold, nor upon such stock certificates so deposited: **Provided further,** That in case of sale where the evidence of transfer is shown only by the books of the company the stamp shall be placed upon such books; and where the change of ownership is by transfer certificate the stamp shall be placed upon the certificate; and in cases of an agreement to sell or where the transfer is by delivery of the certificate assigned in blank there shall be

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made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. And any person or persons liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person or persons, who shall make any such sale, or who shall in pursuance of any such sale deliver any such stock, or evidence of the sale of any such stock or bill or memorandum thereof, as herein required, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both, at the discretion of the court.

77.

Upon each sale, agreement of sale, or agreement to sell, any products or merchandise at any exchange, or board of trade, or other similar place, either for present or future delivery, for each \$100 in value of said sale or agreement of sale or agreement to sell, 1 cent, and for each additional \$100 or fractional part thereof in excess of \$100, 1 cent: **Provided,** That on every sale or agreement of sale or agreement to sell as aforesaid there shall be made and delivered by the seller to the buyer a bill, memorandum, agreement, or other evidence of such sale, agreement of sale, or agreement to sell, to which there shall

be affixed a lawful stamp or stamps in value equal to the amount of the tax on such sale. And every such bill, memorandum, or other evidence of sale or agreement to sell shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers; and any person or persons liable to pay the tax as herein provided, or anyone who acts in the matter as agent or broker for such person or persons, who shall make any such sale or agreement of sale, or agreement to sell, or who shall, in pursuance of any such sale, agreement of sale, or agreement to sell, deliver any such products or merchandise without a bill, memorandum, or other evidence thereof as herein required, of who shall deliver such bill, memorandum, or other evidence of sale, or agreement to sell, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both, at the discretion of the court.

78.

That no bill, memorandum, agreement or other evidence of such sale, or agreement of sale, or agreement to sell, in case of products or merchandise actually delivered at the time of sale or while in vessel, boat, or car, and actually in course of transportation, shall be subject to this tax, provided such bill, memorandum, agreement, or other evidence of such sale, or agreement of sale, or agreement to sell shall be accompanied by bills of lading or vouchers showing that the said products are actually in course of transportation as aforesaid.

79.

Promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding \$100, 2 cents; and for each additional \$100 or fractional part thereof in excess of \$100, 2 cents.

80.

Express and freight: It shall be the duty of every railroad or steamboat company, carrier, express company, or corporation or person whose occupation is to act as

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such, to issue to the shipper or consignor, or his agent, or person from whom any goods are accepted for transportation where a charge exceeding 5 cents is made a bill of lading, manifest, or other evidence of receipt and forwarding for each shipment received for carriage and transportation, whether in bulk or in boxes, bales, packages, bundles, or not so inclosed or included; and such shipper, consignor, agent, or person shall duly attach and cancel, as in this Act provided, to each of said bills of lading, manifests, or other memorandum, a stamp of the value of 1 cent: **Provided**, That a consignment of newspapers to any one point or to different points by the same train or conveyance when inclosed in one general bundle at the point of shipment shall be considered as one shipment, and, in lieu of a bill of lading therefor, the publisher of such newspaper shall file on or before the fifteenth day of each month with the collector of internal revenue for the district in which such newspaper is published a report under oath showing the number of such shipments during the preceding month to which report such publisher shall affix and cancel stamps equal in value to 1 cent for each shipment so reported: **Provided further**, That the report herein required shall not include shipments of newspapers delivered to points within the county in which the same are published. Any failure to issue such bill of lading, manifest, or other memorandum, as herein provided, shall subject such railroad or steamboat company, carrier, express company, or corporation or person to a penalty of \$50 for each offense.

81.

Telegraph and telephone messages: It shall be the duty of every person, firm, or corporation owning or operating any telegraph or telephone line or lines to make within thirty days after the expiration of each month a sworn statement to the collector of internal revenue in each of their respective districts, stating the number of dispatches, messages, or conversations originated at each of their respective exchanges, toll stations, or offices, and transmitted thence over their lines during the preceding month for which a charge of 15 cents or more was im-

posed, and for each of such messages or conversations the said person, firm or corporation shall collect from the person paying for the message or conversation a tax of 1 cent in addition to the regular charges for the message or conversation, which tax the said person, firm, or corporation shall in turn pay to the said collector of internal revenue of their respective districts: **Provided,** That only one payment of said tax shall be required, notwithstanding the lines of one or more persons, firms, or corporations shall be used for the transmission of each of said messages or conversations: **Provided further,** That the messages or dispatches of the officers and employees of any telegraph or telephone company concerning the affairs and service of the company, and like messages or dispatches of the officials and employees of railroad companies sent over the wires on their respective railroads shall be exempt from this requirement: **And provided further,** That messages of officers and employees of the Government on official business shall be exempt from the taxes herein imposed upon telegraphic and telephonic messages.

82.

Bond: For indemnifying any person or persons, firm, or corporation who shall have become bound or engaged as surety for the payment of any sum of money, or for the due execution or performance of the duties of any office or position, and to account for money received by

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virtue thereof, and all other bonds of any description, except such as may be required in legal proceedings, not otherwise provided for in this schedule, 50 cents.

83.

Certificate of profits, or any certificate or memorandum showing an interest in the property or accumulations of any association, company, or corporation, and on all transfers thereof, on each \$100 of face value or fraction thereof, 2 cents.

84.

Certificate: Any certificate of damage, or otherwise, and all other certificates or documents issued by any port

warden, marine surveyor, or other person acting as such, 25 cents.

85.

Certificate of any description required by law not otherwise specified in this act, 10 cents.

86.

Contract: Broker's note, or memorandum of sale of any goods or merchandise, stocks, bonds, exchange, notes of hand, real estate, or property of any kind or description issued by brokers or persons acting as such, for each note or memorandum of sale, not otherwise provided for in this Act, 10 cents.

87.

Conveyance: Deed, instrument, or writing, whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance thereon, exceeds \$100 and does not exceed \$500, 50 cents: and for each additional \$500 or fractional part thereof in excess of \$500, 50 cents: **Provided**, That nothing contained in this paragraph shall be so construed as to impose a tax upon any instrument or writing given to secure a debt.

88.

Entry of any goods, wares, or merchandise at any customhouse, either for consumption or warehousing, not exceeding \$100 in value, 25 cents; exceeding \$100 and not exceeding \$500 in value, 50 cents; exceeding \$500 in value, \$1.

89.

Entry for the withdrawal of any goods or merchandise from customs bonded warehouse, 50 cents.

90.

Insurance: Each policy of insurance or other instrument, by whatever name the same shall be called, by

which insurance shall be made or renewed upon property of any description (including rents or profits), whether against peril by sea or on inland waters, or by fire or lightning, or other peril, made by any person, association, or corporation, upon the amount of premium charged, one-half of 1 cent on each dollar or fractional part thereof: **Provided**, That purely cooperative or mutual fire insurance companies or associations carried on by the members thereof solely for the protection of their own property and not for profit shall be exempted from the tax herein provided: **And provided further**, That policies of reinsurance shall be exempt from the tax herein imposed by this paragraph.

91.

Each policy of insurance, or bond or obligation of the nature of indemnity for loss, damage, or liability issued, or executed, or renewed by any person, association, company, or corporation, transacting the business of fidelity, employer's liability, plate glass, steam boiler, burglary, elevator, automatic sprinkler, or other branch of insurance (except life, personal accident, and health insurance, and insurance described and taxed or exempted in the preceding paragraph and excepting also workmen's compensation insurance carried on by the members thereof solely for their own protection and not for profit), and

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each bond undertaking or recognizance, conditioned for the performance of the duties of any office or position, or for the doing or not doing of anything therein specified, or other obligation of the nature of indemnity, and each contract or obligation guaranteeing the validity or legality of bonds or other obligations issued by any State, county, municipal, or other public body or organization, or guaranteeing titles to real estate or mercantile credits executed or guaranteed by any liability, fidelity, guarantee, or surety company upon the amount of premium charged, one-half of 1 cent on each dollar or fractional part thereof: **Provided**, That policies or reinsurance shall be exempt from the tax herein imposed by this paragraph.

92.

Passage ticket, for each passenger, sold in the United States for passage by any vessel to a foreign port or place, if costing not exceeding \$30, \$1; costing more than \$30 and not exceeding \$60, \$3; costing more than \$60, \$5: **Provided**, That such passage tickets, costing \$10 or less, shall be exempt from taxation.

93.

Power of attorney or proxy for voting at any election for officers of any incorporated company or association, except religious, charitable, or literary societies, or public cemeteries, 10 cents.

94.

Power of attorney to sell and convey real estate, or to rent or lease the same, to receive or collect rent, to sell or transfer any stock, bonds, scrip, or for the collection of any dividends or interest thereon, or to perform any and all other acts not hereinbefore specified, 25 cents: **Provided**, That no stamps shall be required upon any papers necessary to be used for the collection of claims from the United States for pensions, back pay, bounty, or for property lost in the military or naval service.

95.

Protest: Upon the protest of every note, bill of exchange, acceptance, check or draft, or any marine protest, whether protested by a notary public or by any other officer who may be authorized by the law of any State or States to make such a protest, 25 cents.

96.

Every seat sold in a palace or parlor car and every berth sold in a sleeping car, 1 cent, to be paid by the company selling the same.

SCHEDULE B

97.

Perfumery and cosmetics and other similar articles: For and upon every packet, box, bottle, pot, phial, or other inclosure containing any essence, extract, toilet

water, cosmetic, vaseline, petrolatum, hair oil, pomade, hair dressing, hair restorative, hair dye, tooth wash, dentifrice, tooth paste, aromatic cachous, or any similar substance or article, by whatsoever name the same heretofore have been, now are, or may hereafter be called, known, or distinguished, used, or applied as perfumes or as cosmetics, and sold or removed for consumption and sale in the United States, where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall not exceed at the retail price or value the sum of 5 cents, one-eighth of 1 cent.

98.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or value of 5 cents, and shall not exceed the retail price or value of 10 cents, two-eighths of 1 cent.

99.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or

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value of 10 cents and shall not exceed the retail price or value of 15 cents, three-eighths of 1 cent.

100.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or value of 15 cents and shall not exceed the retail price or value of 25 cents, five-eighths of 1 cent. And for each additional 25 cents of retail price or value or fractional part thereof in excess of 25 cents, five-eighths of 1 cent.

101.

Chewing gum or substitutes therefor: For and upon each box, carton, jar, or other package containing chewing gum of not more than \$1 of actual retail value, 4 cents; if exceeding \$1 of retail value, for each additional dollar or fractional part thereof, 4 cents; under such regulations as the Commissioner of Internal Revenue, with

the approval of the Secretary of the Treasury, may prescribe.

102.

That all articles and preparations provided for in this schedule which are in the hands of manufacturers or of wholesale or retail dealers on and after December first, nineteen hundred and fourteen, shall be subject to the payment of the stamp taxes herein provided for, but it shall be deemed a compliance with this Act as to such articles on hand in the hands of wholesale or retail dealers as aforesaid who are not the manufacturers thereof to affix the proper adhesive tax stamp at the time the packet, box, bottle, pot, or phial, or other inclosure with its contents is sold at retail.

103.

There shall be an allowance of drawback on articles mentioned in Schedule B of this Act on which any internal-revenue tax shall have been paid, equal in amount to the stamp tax paid thereon, and no more, when exported, to be paid by the warrant of the Secretary of the Treasury on the Treasurer of the United States, out of any money arising from internal taxes not otherwise appropriated: **Provided**, That no allowance of drawback shall be made for any such articles exported prior to the date this Act becomes effective. The evidence that any such tax has been paid as aforesaid shall be furnished to the satisfaction of the Commissioner of Internal Revenue by the person claiming the allowance of drawback, and the amount shall be ascertained under such regulations as shall be prescribed from time to time by said commissioner, with the approval of the Secretary of the Treasury.

104.

Sec. 23. That all administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this Act, and every person, firm, company, corporation, or association liable to any tax imposed by this Act, or for the collection thereof, shall keep such records and render, under oath, such statements and

returns, and shall comply with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time prescribe, and every such person, firm, company, corporation, or association who evades or attempts to evade any of the taxes imposed by this Act, or shall fail to truly account for and pay all taxes collected by them under this Act, or any regulations issued thereunder, shall be subject to a penalty of double the amount of the taxes evaded or attempted to be evaded or unlawfully withheld, to be assessed and collected as other penalties incurred under internal-revenue laws are assessed and collected; and for the expense connected with the assessment and collection of the taxes provided by this Act there is hereby appropriated \$200,000, or so much thereof as may be re-

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quired, out of any money in the Treasury not otherwise appropriated; \$170,000 to be added to and made a part of the appropriations for "salaries and expenses of collection of internal revenue, nineteen hundred and fifteen; and \$30,000 to the appropriation for paper for internal-revenue stamps, nineteen hundred and fifteen."

105.

Sec. 24. That the provisions of this Act shall take effect on the day next succeeding the date of its passage, except where otherwise expressly provided: **Provided,** That on the day after the thirty-first day of December, nineteen hundred and fifteen, the taxes levied under this Act shall no longer be levied and collected, but all taxes arising or accruing before said date shall continue to be collectible under the terms of this Act: **Provided, however,** That on and after the first day of January, nineteen hundred and sixteen, the provisions of section thirty-three hundred and thirty-nine of the Revised Statutes, as amended by an Act approved April twelfth, nineteen hundred and two, imposing a tax on fermented liquors shall not be affected by any limitation as to the levying or collecting of the additional tax imposed by this Act on such fermented liquors, but shall then be in full force and effect on and after the said first day of January,

nineteen hundred and sixteen. All stamps provided for in this Act unused after the aforesaid date shall be re-deemed from the holder thereof, under such rules as the Secretary of the Treasury may prescribe.

Approved, October 22, 1914.

III. DIGEST OF THE WAR REVENUE ACT

A. Business Organizations Taxed

Bankers, for each \$1,000 of capital employed...	\$ 1.00
Brokers who have not paid as bankers.....	30.00
Pawnbrokers	50.00
Commercial brokers	20.00
Customhouse brokers	10.00
Commission merchants who have not paid as commercial brokers	20.00
Proprietors of theaters, museums, and concert halls:	
Seating capacity not over 250.....	25.00
Seating capacity over 250 and not exceeding 500	50.00
Seating capacity over 500 and not exceeding 800	75.00
Seating capacity over 800.....	100.00
Proprietors of circuses	100.00
Proprieors or agents of other exhibitions or shows for money	10.00
Proprietors of bowling alleys and billiard rooms, for each alley or table.....	5.00
Dealers in leaf tobacco (annual sales of 1,000 pounds or less exempt):	
Sales not over 50,000 pounds.....	6.00
Sales over 50,000 and not over 100,000 pounds	12.00
Sales over 100,000 pounds.....	24.00
Dealers in tobacco (manufactured tobacco, snuff, cigars, and cigarettes) exempt when annual receipts are not over \$200.....	4.80
Manufacturers of tobacco:	
Sales not over 100,000 pounds.....	6.00

Sales over 100,000 and not over 200,000 lbs...	12.00
Sales over 200,000 and not over 400,000 lbs..	24.00
Sales over 400,000 and not over 1,000,000 lbs.	60.00
Sales over 1,000,000 and not over 5,000,000 pounds	300.00
Sales over 5,000,000 and not over 10,000,000 pounds	600.00
Sales over 10,000,000 and not over 20,000,000 pounds	1,200.00
Sales over 20,000,000 pounds.....	2,496.00

Manufacturers of cigars:

Annual sales not over 100,000 cigars.....\$	3.00
Annual sales exceed 100,000 and do not ex- ceed 200,000 cigars	6.00
Annual sales exceed 200,000 and do not ex- ceed 400,000 cigars	12.00
Annual sales exceed 400,000 and do not ex- ceed 1,000,000 cigars	30.00
Annual sales exceed 1,000,000 and do not ex- ceed 5,000,000 cigars	150.00
Annual sales exceed 5,000,000 and do not ex- ceed 20,000,000 cigars	600.00
Annual sales exceed 20,000,000 and do not exceed 40,000,000 cigars.....	1,200.00
Annual sales exceed 40,000,000 cigars.....	2,496.00

Manufacturers of cigarettes:

Manufacturers whose annual sales do not ex- ceed 1,000,000 cigarettes	12.00
Annual sales exceed 1,000,000 and do not ex- ceed 2,000,000 cigarettes.....	24.00
Annual sales exceed 2,000,000 and do not ex- ceed 5,000,000 cigarettes.....	60.00
Annual sales exceed 5,000,000 and do not ex- ceed 10,000,000 cigarettes.....	120.00
Annual sales exceed 10,000,000 and do not exceed 50,000,000 cigarettes	600.00
Annual sales exceed 50,000,000 and do not exceed 100,000,000 cigarettes	1,200.00
Annual sales exceed 100,000,000 cigarettes..	2,496.00

Distilled Spirits (Act of Oct. 22, 1914.)

Grape brandy or wine spirits used in the fortification of sweet wines (to be assessed), per gallon \$0.55

Fermented Liquors (Act of Oct. 22, 1914.)

Fermented liquors, per barrel, containing not more than 31 gallons \$1.50

(And a proportionate rate for any other quantity or for fractional parts of a barrel authorized by law.)

Wines, Liqueurs, Cordials, etc., Domestic and Imported (Act of Oct. 22, 1914.)

Still wines per pint \$0.01

(In bottles containing less than pint in proportion)

Quart02

Gallon08

Champagne and other sparkling wines and artificially carbonated wines, per ½ pint or less05

More than ½ pint and not more than 1 pint10

More than 1 pint and not more than 1 quart20

(Larger quantities same rate.)

Liqueurs, cordials and similar compounds:

Per ½ pint01½

More than ½ pint, not more than 1 pint..... .03

More than 1 pint, not more than 1 quart.... .06

Large containers, per gallon..... .24

B. Documentary Stamp Taxes**Schedule "A"****Agreements of sale**

covering products or merchandise on Boards of Trade, Exchanges, etc., each \$100 value or fraction \$0.01

For Certificates of Stock, each \$100 par or fraction02

By Brokers or persons acting as such, each... .10

Assignments of Stock Certificates	
in blank or otherwise, each \$100 par or fraction	.02
When collateral for loans.....	exempt
Bills of Lading or Receipts,	
for express or freight, each.....	.01
Not required for newspapers "shipments" to be reported monthly, each	.01
Board of Trade or Exchange Transactions	
in Grain, Products or Merchandise, each \$100 value or fraction	.01
If accompanied by bills of lading or other evi- dence of actual delivery	exempt
Bonds, Debentures or Certificates	
of indebtedness issued by any association, company or corporation, each \$100 par or fraction	.05
Bonds of Indemnity and as Surety, etc.	
for payment of money, performance of duties, fidelity or for any purpose not required in legal proceedings or otherwise specified, each.....	.50
Bonds in the Nature of Insurance	
covering Fidelity, Surety, Guaranty, Contracts, Titles, etc., for each \$1.00 or fraction of prem- ium charged	.001½
Brokers' Contracts of Sale	
of merchandise, securities, real estate, etc., not otherwise provided for, each.....	\$0.10
Certificates of Damage, etc.	
issued by Port Wardens or Marine Surveyors, each	.25
Certificates of Profits, etc.	
and transfers of same, each \$100 par or fraction	.02
Certificates of Stock	
original issues, each \$100 par or fraction....	.05
Transfers of Stock, each \$100 par or fraction..	.02
Pledged as collateral for loans.....	exempt
Certificates Required by Law	
Not otherwise specified, each.....	.10
Conveyances of Real Estate	
by deed, etc., exclusive of the value of any lien or encumbrance, \$100 of value and under....	exempt
Over \$100 to \$500 of value	.50

Each additional \$500 or fraction.....	.50
To secure debt.....	exempt
Customs House Entries	
for consumption or warehousing, not exceed-	
ing \$100 in value.....	.25
Over \$100 to \$500 in value.....	.50
Exceeding \$500 in value.....	1.00
Deeds, Instruments, etc.	
transferring Real Estate (see Conveyances)	
Entries for Withdrawal	
from Customhouses, from Customs Bonded	
Warehouses, each	.50
Express and Freight Shipments	
on each B/L or Receipt.....	.01
Insurance Contracts and Policies	
fire, marine, lightning, tornado, plate glass,	
liability, burglary, elevator, and all kinds ex-	
cept life, personal accident, health, mutual and	
reinsurance, on each \$1.00 of premium charged	.001½
Notes (Promissory)	
except bank notes for circulation, each \$100 or	
fraction	.02
Renewals of notes same rate.	
Mortgages and Trust Deeds	
(see Bonds 5, also Conveyances exempting such	
to secure debt	exempt
Powers of Attorney	
to sell or lease real estate, collect rents, sell or	
transfer stock, bonds, etc., and to perform any	
acts not otherwise specified except papers sup-	
porting certain claims against the U. S., each..	\$.025
Proxies to Vote at Elections	
of corporations except religious, charitable, etc.	
each	.10
Protest of Notes, Checks, Drafts, etc.	
each	.25
Sleeping Car Berths	
and parlor car seats to be paid by company,	
each	.01
Steamship Tickets to Foreign Ports	
Costing \$10 or less.....	exempt
Costing over \$10 and not exceeding \$30.....	1.00

Costing over \$30 and not exceeding \$60.....	3.00
Costing over \$60.....	5.00
Telephone and Telegraph Messages	
Costing 15 cents and over to be charged at one cent additional and accounted for by companies each	.01
Cancellation of Stamps	
All stamps must be cancelled when used with date and initials in ink or with rubber stamp.	
Penalties for violations	
The penalties for evading the law or violating its provisions are very severe and the validity of some documents may be affected if sufficient stamps are not affixed.	
Checks and Drafts	
These documents are not subject to tax under the Act of October 22, 1914, and it is believed certificates of deposit are also exempt.	

Schedule "B"

Chewing Gum or Substitutes Therefor	
For and upon each box, jar or package containing chewing gum, when the retail value does not exceed \$1	.04
If exceeding \$1, for each additional dollar or fractional part thereof	.04
Perfumery and Cosmetics and Other Similar Articles	
For and upon every packet, box, bottle, pot, or phial, etc., where such packet, box, bottle, pot, phial, and contents shall not exceed retail price 5 cents	\$0.00 $\frac{1}{8}$
When retail price exceeds 5 cents and does not exceed 10 cents	.00 $\frac{1}{4}$
When retail price exceeds 10 cents and does not exceed 15 cents	.00 $\frac{3}{8}$
When retail price exceeds 15 cents and does not exceed 25 cents	.00 $\frac{5}{8}$
And for each additional 25 cents of retail price or value or fractional part thereof in excess of 25 cents	.00 $\frac{5}{8}$

INCOME TAX ACT

I. The Law

I. U. S. INCOME TAX STATUTE

BEING SECTION 11 OF THE ACT OF OCTOBER 3, 1913, ENTITLED "AN ACT TO REDUCE TARIFF DUTIES AND TO PROVIDE REVENUE FOR THE GOVERNMENT AND FOR OTHER PURPOSES."

Paragraph A-1

Subdivision 1. That there shall be levied, assessed, collected and paid annually upon the entire net income arising or accruing from all sources in the preceding calendar year

A-2

to every citizen of the United States, whether residing at home or abroad,

A-3

and to every person residing in the United States, though not a citizen thereof,

A-4

a tax of 1 per centum per annum upon such income, except as hereinafter provided;

A-5

and a like tax shall be assessed, levied, collected, and paid annually upon the entire net income from all property owned and of every business, trade, or profession carried on in the United States by persons residing elsewhere.

A-6

Subdivision 2. In addition to the income tax provided under this section (herein referred to as the normal

income tax) there shall be levied, assessed, and collected upon the net income of every individual an additional income tax (herein referred to as the additional tax) of

A-7

1 per centum per annum upon the amount by which the total net income exceeds \$20,000 and does not exceed \$50,000 and

A-8

2 per centum per annum upon the amount by which the total net income exceeds \$50,000 and does not exceed \$75,000,

A-9

3 per centum per annum upon the amount by which the total net income exceeds \$75,000 and does not exceed \$100,000,

A-10

4 per centum per annum upon the amount by which the total net income exceeds \$100,000, and does not exceed \$250,000,

A-11

5 per centum per annum upon the amount by which the total net income exceeds \$250,000 and does not exceed \$500,000, and

A-12

6 per centum per annum upon the amount by which the total net income exceeds \$500,000.

A-13

All the provisions of this section relating to individuals who are to be chargeable with the normal income tax, so far as they are applicable and are not inconsistent with this subdivision of paragraph A, shall apply to the levy, assessment, and collection of the additional tax imposed under this section.

A-14

Every person subject to this additional tax shall, for the purpose of its assessment and collection, make a personal return of his total net income from all sources, corporate or otherwise, for the preceding calendar year, under rules and regulations to be prescribed by the Commissioner of Internal Revenue and approved by the Secretary of the Treasury.

A-15

For the purpose of this additional tax the taxable income of any individual shall embrace the share to which he would be entitled of the gains and profits, if divided or distributed, whether divided or distributed or not, of all corporations, joint-stock companies, or associations however created or organized, formed or fraudulently availed of for the purpose of preventing the imposition of such tax through the medium of permitting such gains and profits to accumulate instead of being divided or distributed;

A-16

and the fact that any such corporation, joint-stock company, or association, is a mere holding company, or that the gains and profits are permitted to accumulate beyond the reasonable needs of the business shall be prima facie evidence of a fraudulent purpose to escape such tax;

A-17

but the fact that the gains and profits are in any case permitted to accumulate and become surplus shall not be construed as evidence of a purpose to escape the said tax in such case unless the Secretary of the Treasury shall certify that in his opinion such accumulation is unreasonable for the purposes of the business.

A-18

When requested by the Commissioner of Internal Revenue, or any district collector of internal revenue, such corporation, joint-stock company, or association shall forward to him a correct statement of such profits and the names of the individuals who would be entitled to the same if distributed.

Paragraph B-1

That, subject only to such exemptions and deductions as are hereinafter allowed, the net income of a taxable person shall include gains, profits, and income derived from

B-2

salaries, wages, or compensation for personal service of whatever kind and in whatever form paid,

B-3

or from professions, vocations, business, trade, commerce, or sales, or dealings in property, whether real or personal, growing out of the ownership or use of or interest in real or personal property,

B-4

also from interest, rent, dividends, securities, or the transaction of any lawful business carried on for gain or profit,

B-5

or gains or profits and income derived from any source whatever, including the income from, but not the value of property acquired by gift, bequest, devise, or descent:

B-6

Provided, That the proceeds of life insurance policies paid upon the death of the person insured or payments made by or credited to the insured, on life insurance, endowment, or annuity contracts, upon the return thereof to the insured at the maturity of the term mentioned in the contract, and upon surrender of contract, shall not be included as income.

B-7

That in computing net income for the purpose of the normal tax there shall be allowed as deductions:

B-8

First, the necessary expenses actually paid in carrying on any business, not including personal, living, or family expenses;

B-9

second, all interest paid within the year by a taxable person on indebtedness;

B-10

third, all national, State, county, school and municipal taxes paid within the year, not including those assessed against local benefits;

B-11

fourth, losses actually sustained during the year, incurred in trade or arising from fires, storms, or shipwreck, and not compensated for by insurance or otherwise;

B-12

fifth, debts due to the taxpayer actually ascertained to be worthless and charged off within the year;

B-13

sixth, a reasonable allowance for the exhaustion, wear and tear of property arising out of its use or employment in the business, not to exceed, in the case of mines, 5 per centum of the gross value at the mine of the output for the year for which the computation is made, but no deduction shall be made for any amount of expense of restoring property or making good the exhaustion thereof for which an allowance is or has been made;

B-14

Provided, That no deduction shall be allowed for any amount paid out for new buildings, permanent improvement, or betterments, made to increase the value of any property or estate;

B-15

seventh, the amount received as dividends upon the stock or from the net earnings of any corporation, joint-stock company, association, or insurance company, which is taxable upon its net income as hereinafter provided;

B-16

eighth, the amount of income, the tax upon which has been paid or withheld for payment at the source of the income, under the provisions of this section,

B-17

Provided, That whenever the tax upon the income of a person is required to be withheld and paid at the source as hereinafter required, if such annual income does not exceed the sum of \$3,000 or is not fixed or certain, or is indefinite, or irregular as to amount or time of accrual, the same shall not be deducted in the personal return of such person.

B-18

The net income from property owned and business carried on in the United States by persons residing elsewhere shall be computed upon the basis prescribed in this paragraph and that part of paragraph G of this section relating to the computation of the net income of corporations, joint-stock and insurance companies, organized, created or existing under the laws of foreign countries, in so far as applicable.

B-19

That in computing net income under this section there shall be excluded

B-20

the interest upon the obligations of a State or any political subdivision thereof, and upon the obligations of the United States or its possessions;

B-21

also the compensation of the present President of the United States during the term for which he has been elected,

B-22

and of the judges of the supreme and inferior courts of the United States now in office,

B-23

and the compensation of all officers and employees of a State or any political subdivision thereof except when such compensation

Paragraph C-1

That there shall be deducted from the amount of the net income of each of said persons, ascertained as provided herein, the sum of \$3,000,

C-2

plus \$1,000 if the person making the return be a married man with a wife living with him,

C-3

or plus the sum of \$1,000 additional if the person making the return be a married woman with a husband living with her;

C-4

but in no event shall this additional exemption of \$1,000 be deducted by both a husband and a wife:

C-5

Provided, That only one deduction of \$4,000 shall be made from the aggregate income of both husband and wife when living together.

Paragraph D-1

The said tax shall be computed upon the remainder of said net income of each person subject thereto, accruing during each preceding calendar year ending December thirty-first:

D-2

Provided, However, That for the year ending December thirty-first, nineteen hundred and thir-

teen, said tax shall be computed on the net income accruing from March first to December thirty-first, nineteen hundred and thirteen, both dates inclusive, after deducting five-sixths only of the specific exemptions and deductions herein provided for.

D-3

On or before the first day of March, nineteen hundred and fourteen, and the first day of March in each year thereafter, a true and accurate return, under oath or affirmation, shall be made by each person of lawful age, except as hereinafter provided, subject to the tax imposed by this section, and having a net income of \$3,000 or over for the taxable year, to the collector of internal revenue for the district in which such person resides or has his principal place of business, or, in the case of a person residing in a foreign country, in the place where his principal business is carried on within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, setting forth specifically the gross amount of income from all separate sources and from the total thereof, deducting the aggregate items or expenses and allowance herein authorized;

D-4

guardians, trustees, executors, administrators, agents, receivers, conservators, and all persons, corporations, or associations acting in any fiduciary capacity, shall make and render a return of the net income of the person for whom they act, subject to this tax, coming into their custody or control and management, and be subject to all the provisions of this section which apply to individuals:

D-5

Provided, That a return made by one of two or more joint guardians, trustees, executors, administrators, agents, receivers, and conservators, or other persons acting in a fiduciary capacity, filed in the district where such person resides, or in the district where the will or other instrument under

which he acts is recorded, under such regulations as the Secretary of the Treasury may prescribe, shall be a sufficient compliance with the requirements of this paragraph;

D-6

and also all persons, firms, companies, copartnerships, corporations, joint-stock companies or associations, and insurance companies, except as hereinafter provided, in whatever capacity acting, having the control, receipt, disposal, or payment of fixed or determinable annual or periodical gains, profits, and income of another person subject to tax, shall in behalf of such person deduct and withhold from the payment an amount equivalent to the normal income tax upon the same and make and render a return, as aforesaid, but separate and distinct, of the portion of the income of each person from which the normal tax has been thus withheld, and containing also the name and address of such person, or stating that the name and address or the address, as the case may be, are unknown:

D-7

Provided, That the provision requiring the normal tax of individuals to be withheld at the source of the income, shall not be construed to require any of such tax to be withheld prior to the first day of November, nineteen hundred and thirteen:

D-8

Provided, Further, That in either case above mentioned no return of income not exceeding \$3,000 shall be required:

D-9

Provided, Further, That any persons carrying on business in partnership shall be liable for income tax only in their individual capacity, and the share of the profits of a partnership to which any taxable partner would be entitled if the same were

divided whether divided or otherwise, shall be returned for valuation and the tax paid under the Provisions of this section, and any such firm, when requested by the Commissioner of Internal Revenue, or any district collector, shall forward to him a correct statement of such profits and the names of the individuals who would be entitled to the same, if distributed:

D-10

Provided, Further, that persons liable for the normal income tax only, on their own account or in behalf of another, shall not be required to make return of the income derived from dividends on the capital stock or from the net earnings of corporations, joint-stock companies or associations, and insurance companies taxable upon their net income as hereinafter provided.

D-11

Any person for whom return has been made and the tax paid, or to be paid as aforesaid, shall not be required to make a return unless such person has other net income, but only one deduction of \$3,000 shall be made in the case of any such person.

D-12

The collector or deputy collector shall require every list to be verified by the oath or affirmation of the party rendering it. If the collector or deputy collector have reason to believe that the amount of any income returned is understated, he shall give due notice to the person making the return to show cause why the amount of the return should not be increased, and upon proof of the amount understated may increase the same accordingly. If dissatisfied with the decision of the collector, such person may submit the case, with all the papers, to the Commissioner of Internal Revenue for his decision, and may furnish sworn testimony of witnesses to prove any relevant facts.

Paragraph E-1

E. That all assessments shall be made by the Commissioner of Internal Revenue and all persons shall be

notified of the amount for which they are respectively liable on or before the first day of June of each successive year, and said assessments shall be paid on or before the thirtieth day of June,

E-2

except in cases of refusal or neglect to make such return and in cases of false or fraudulent returns, in which cases the Commissioner of Internal Revenue shall, upon the discovery thereof, at any time within three years after said return is due, make a return upon information obtained as provided for in

E-3

this section or by existing law, and the assessment made by the Commissioner of Internal Revenue thereon shall be paid by such person or persons immediately upon notification of the amount of such assessment;

E-4

and to any sum or sums due and unpaid after the thirtieth day of June in any year, and for ten days after notice and demand thereof by the collector, there shall be added the sum of 5 per centum on the amount of tax unpaid, and interest at the rate of 1 per centum per month upon said tax from the time the same became due,

E-5

except from the estates of insane, deceased, or insolvent persons.

E-6

All persons, firms, copartnerships, companies, corporations, joint-stock companies or associations, and insurance companies, in whatever capacity acting, including:

E-7

lessees or mortgagors of real or personal property, trustees acting in any trust capacity, executors, administrators, agents, receivers, conservators, employers, and all officers and employees of the United States

E-8

having the control, receipt, custody, disposal, or payment of interest, rent, salaries, wages, premiums, annuities, compensations, remuneration, emoluments, or other fixed or determinable annual gains, profits, and income of another person, exceeding \$3,000 for any taxable year,

E-9

other than dividends on capital stock, or from the net earnings of corporations and joint-stock companies or associations subject to like tax,

E-10

who are required to make and render a return in behalf of another, as provided herein, to the collector of his, her, or its district,

E-11

are hereby authorized and required to deduct and withhold from such annual gains, profits, and income such sum as will be sufficient to pay the normal tax imposed thereon by this section, and shall pay to the officer of the United States Government authorized to receive the same;

E-12

and they are each hereby made personally liable for such tax.

E-13

In all cases where the income tax of a person is withheld and deducted and paid or to be paid at the source, as aforesaid, such person shall not receive the benefit of the deduction and exemption allowed in paragraph C of this section except by an application for refund of the tax unless he shall, not less than thirty days prior to the day on which the return of his income is due, file with the person who is required to withhold and pay tax for him, a signed notice in writing claiming the benefit of such exemption and thereupon no tax shall be withheld upon the amount of such exemption:

E-14

Provided, That if any person for the purpose of obtaining any allowance or reduction by virtue of a claim for such exemption, either for himself or for any other person, knowingly makes any false statement or false or fraudulent representation, he shall be liable to a penalty of \$300;

E-15

nor shall any person under the foregoing conditions be allowed the benefit of any deduction provided for in subsection B (Page 45) of this section unless he shall, not less than thirty days prior to the day on which the return of his income is due,

E-16

either file with the person who is required to withhold and pay tax for him a true and correct return of his annual gains, profits, and income from all other sources, and also the deductions asked for, and the showing thus made shall then become a part of the return to be made in his behalf by the person required to withhold and pay the tax,

E-17

or likewise make application for deductions to the collector of the district in which return is made or to be made for him:

E-18

Provided, Further, That if such person is a minor or an insane person, or is absent from the United States, or is unable owing to serious illness to make the return and application above provided for, the return and application may be made for him or her by the person required to withhold and pay the tax, he making oath under the penalties of this Act that he has sufficient knowledge of the affairs and property of his beneficiary to enable him to make a full and complete return for him or her, and that the return and application made by him are full and complete:

E-19

Provided, Further, That the amount of the normal tax hereinbefore imposed shall be deducted and withheld from fixed and determinable annual gains, profits, and income derived from interest upon bonds and mortgages, or deeds of trust or other similar obligations of corporations, joint-stock companies, or associations and insurance companies, whether payable annually or at shorter or longer periods, although such interest does not amount to \$3,000, subject to the provisions of this section requiring the tax to be withheld at the source and deducted from annual income and paid to the Government;

E-20

and likewise the amount of such tax shall be deducted and withheld from coupons, checks, or bills of exchange for or in payment of interest upon bonds of foreign countries and upon foreign mortgages or like obligations (not payable in the United States),

E-21

and also from coupons, checks, or bills of exchange for or in payment of any dividends upon the stock or interest upon the obligations of foreign corporations, associations, and insurance companies engaged in business in foreign countries;

E-22

and the tax in each case shall be withheld and deducted for and in behalf of any person subject to the tax hereinbefore imposed, although such interest, dividends, or other compensation does not exceed \$3,000,

E-23

by any banker or person who shall sell or otherwise realize coupons, checks, or bills of exchange drawn or made in payment of any such interest or dividends (not payable in the United States),

E-24

and any person who shall obtain payment (not in the United States), in behalf of another of such dividends and interest by means of coupons, checks, or bills of exchange,

E-25

and also any dealer in such coupons who shall purchase the same for any such dividends or interest (not payable in the United States), otherwise than from a banker or another dealer in such coupons; but in each case the benefit of the exemption and the deduction allowable under this section may be had by complying with the foregoing provisions of this paragraph.

E-26

All persons, firms, or corporations undertaking as a matter of business or for profit the collection of foreign payments of such interest or dividends by means of coupons, checks, or bills of exchange shall obtain a license from the Commissioner of Internal Revenue, and shall be subject to such regulations enabling the Government to ascertain and verify the due withholding and payment of the income tax required to be withheld and paid as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe;

E-27

and any person who shall knowingly undertake to collect such payments as aforesaid without having obtained a license therefor, or without complying with such regulations, shall be deemed guilty of a misdemeanor and for each offense be fined in a sum not exceeding \$5,000, or imprisoned for a term not exceeding one year, or both, in the discretion of the court.

E-28

Nothing in this section shall be construed to release a taxable person from liability for income tax, nor shall any contract entered into after this Act takes effect be valid in regard to any Federal income tax imposed upon a person liable to such payment.

E-29

The tax herein imposed upon annual gains, profits, and income not falling under the foregoing and not returned and paid by virtue of the foregoing shall be assessed by personal return under rules and regulations to be prescribed by the Commissioner of Internal Revenue and approved by the Secretary of the Treasury.

E-30

The provisions of this section relating to the deduction and payment of the tax at the source of income shall only apply to the normal tax hereinbefore imposed upon individuals.

Paragraph F-1

F. That if any person, corporation, joint-stock company, association, or insurance company liable to make the return or pay the tax aforesaid shall refuse or neglect to make a return at the time or times hereinbefore specified in each year, such person shall be liable to a penalty of not less than \$20 nor more than \$1,000.

F-2

Any person or any officer of any corporation required by law to make, render, sign, or verify any return who makes any false or fraudulent return or statement with intent to defeat or evade the assessment required by this section to be made shall be guilty of a misdemeanor, and shall be fined not exceeding \$2,000 or be imprisoned not exceeding one year, or both, at the discretion of the court, with the costs of prosecution.

G. (a) That the normal tax hereinbefore imposed

Paragraph G-1

upon individuals likewise shall be levied, assessed, and paid annually upon the entire net income arising or accruing from all sources during the preceding calendar year to every corporation, joint-stock company or association, and every insurance company, organized in the United States, no matter how created or organized, not including partnerships;

G-2

but if organized, authorized, or existing under the laws of any foreign country, then upon the amount of net income accruing from business transacted and capital invested within the United States during such year:

G-3

Provided, However, That nothing in this section shall apply to labor, agricultural, or horticultural organizations, or to mutual savings banks not having a capital stock represented by shares, or to fraternal beneficiary societies, orders, or associations operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, and other benefits to the members of such societies, orders, or associations and dependents of such members, nor to domestic building and loan associations, nor to cemetery companies, organized and operated exclusively for the mutual benefit of their members, nor to any corporation or association organized and operated exclusively for religious, charitable, scientific or educational purposes, no part of the net income of which inures to the benefit of any private stockholder or individual, nor to business leagues, nor to chambers of commerce or boards of trade, not organized for profit, or no part of the net income of which inures to the benefit of the private stockholder or individual; nor to any civic league or organization not organized for profit, but operated exclusively for the promotion of social welfare:

G-4

Provided, Further, That there shall not be taxed under this section any income derived from any public utility or from the exercise of any essential governmental function accruing to any State, Territory, or the District of Columbia, or any political subdivision of a State, Territory, or the District of Columbia, nor any income accruing to the govern-

ment of the Philippine Islands or Porto Rico, or of any political subdivision of the Philippine Islands or Porto Rico:

G-5

Provided, That whenever any State, Territory, or the District of Columbia, or any political subdivision of a State or Territory, has, prior to the passage of this Act, entered in good faith into a contract with any person or corporation, the object and purpose of which is to acquire, construct, operate or maintain a public utility, no tax shall be levied under the provisions of this Act upon the income derived from the operation of such public utility, so far as the payment thereof will impose a loss or burden upon such State, Territory, or the District of Columbia, or a political subdivision of a State or Territory;

G-6

but this provision is not intended to confer upon such person or corporation any financial gain or exemption or to relieve such person or corporation from the payment of a tax as provided for in this section upon the part or portion of the said income to which such person or corporation shall be entitled under such contract.

G-7

(b) Such net income shall be ascertained by deducting from the gross amount of the income of such corporation, joint-stock company or association, or insurance company, received within the year from all sources.

G-8

(first) all the ordinary and necessary expenses paid within the year in the maintenance and operation of its business and properties, including rentals or other payments required to be made as a condition to the continued use or possession of property;

G-9

(second) all losses actually sustained within the year and not compensated by insurance or otherwise, including a reasonable allowance for depreciation by use, wear and tear of property, if any;

G-10

and in the case of mines a reasonable allowance for depletion of ores and all other natural deposits, not to exceed 5 per centum of the gross value at the mine of the output for the year for which the computation is made;

G-11

and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

G-12

Provided, That mutual fire insurance companies, requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policy holders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses and reinsurance reserves:

G-13

Provided, Further, That mutual marine insurance companies shall include in their return of gross income gross premiums collected and received by them less amounts paid for reinsurance, but shall be entitled to include in deductions from gross income amounts repaid to policyholders on account of premiums previously paid by them and interest paid upon such amounts between the ascertainment thereof and the payment thereof,

G-14

And life insurance companies shall not include as income in any year such portion of any actual premium received from any individual policyholder as shall have been paid back or credited to such individual policyholder, or treated as an abatement of premium of such individual policyholder, within such year;

G-15

(third) the amount of interest accrued and paid within the year on its indebtedness to an amount of such indebtedness not exceeding one-half of the sum of its interest bearing indebtedness and its paid-up capital stock outstanding at the close of the year, or if no capital stock, the amount of interest paid within the year on an amount of its indebtedness not exceeding the amount of capital employed in the business at the close of the year:

G-16

Provided, That in case of indebtedness wholly secured by collateral the subject of sale in ordinary business of such corporation, joint-stock company, or association, the total interest secured and paid by such company, corporation, or association within the year on any such indebtedness may be deducted as a part of its expense of doing business.

G-17

Provided, Further, That in the case of bonds or other indebtedness, which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed shall be allowed,

G-18

and in the case of a bank, banking association, loan or trust company, interest paid within the year on deposits or on moneys received for investment and secured by interest-bearing certificates of indebtedness issued by such a bank, banking association, loan or trust company;

G-19

(fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof, or imposed by the Government of any foreign country:

G-20

Provided, That in the case of a corporation, joint-stock company, or association, or insurance company, organized, authorized, or existing under the laws of any foreign country, such net income shall be ascertained by deducting from the gross amount of its income accrued within the year from business transacted and capital invested within the United States,

G-21

(first) all the ordinary and necessary expenses actually paid within the year out of earnings in the maintenance and operation of its business and property within the United States, including rentals or other payments required to be made as a condition to the continued use or possession of property;

G-22

(second) all losses actually sustained within the year in business conducted by it within the United States and not compensated by insurance or otherwise, including a reasonable allowance for depreciation by use, wear and tear of property, if any, and in the case of mines a reasonable allowance for depletion of ores and all other natural deposits, not to exceed 5 per centum of the gross value at the mine of the output for the year for which the computation is made;

G-23

and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

G-24

Provided, Further, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses and reinsurance reserves:

G-25

Provided, Further, That mutual marine insurance companies shall include in their return of gross income gross premiums collected and received by them less amounts paid for reinsurance, but shall be entitled to include in deductions from gross income amounts repaid to policyholders on account of premiums previously paid by them, and interest paid upon such amounts between the ascertainment thereof and the payment thereof,

G-26

and life insurance companies shall not include as income in any year such portion of any actual premium received from any individual policyholder as shall have been paid back or credited to such individual policyholder, or treated as an abatement of premium of such individual policyholder, within such year;

G-27

(third) the amount of interest accrued and paid within the year on its indebtedness to an amount of such indebtedness not exceeding the proportion of one-half of the sum of its interest bearing indebtedness and its paid-up capital stock outstanding at the close of the year, or if no capital stock, the capital employed in the business at the close of the year which the gross amount of its income for the year from business transacted and capital in-

vested within the United States bears to the gross amount of its income derived from all sources within and without the United States:

G-28

Provided, That in the case of bonds or other indebtedness which have been issued with a guaranty that the interest payable thereon shall be free from taxation, no deduction for the payment of the tax herein imposed shall be allowed;

G-29

(fourth) all sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof or the District of Columbia.

G-30

In the case of assessment insurance companies, whether domestic or foreign, the actual deposit of sums with State or Territorial officers, pursuant to law, as additions to guarantee or reserve funds shall be treated as being payments required by law to reserve funds.

G-31

(c) The tax herein imposed shall be computed upon its entire net income accrued within each preceding calendar year ending December thirty-first:

G-32

Provided, however, That for the year ending December thirty-first, nineteen hundred and thirteen, said tax shall be imposed upon its entire net income accrued within that portion of said year from March first to December thirty-first, both dates inclusive, to be ascertained by taking five-sixths of its entire net income for said calendar year:

G-33

Provided, Further, That any corporation, joint-stock company or association, or insurance com-

pany subject to this tax may designate the last day of any month in the year as the day of the closing of its fiscal year and shall be entitled to have the tax payable by it computed upon the basis of the net income ascertained as herein provided for the year ending on the day so designated in the year preceding the date of assessment instead of upon the basis of the net income for the calendar year preceding the date of assessment;

G-34

and it shall give notice of the day it has thus designated as the closing of its fiscal year to the collector of the district in which its principal business office is located at any time not less than thirty days previous to the date upon which its annual return shall be filed.

G-35

All corporations, joint-stock companies or associations, and insurance companies subject to the tax herein imposed, computing interest upon the income of the calendar year, shall, on or before the first day of March, nineteen hundred and fourteen, and the first day of March in each year thereafter, and all corporations, joint-stock companies or associations, and insurance companies, computing taxes upon the income of a fiscal year which it may designate in the manner hereinbefore provided, shall render a like return within sixty days after the close of its said fiscal year, and within sixty days after the close of its fiscal year in each year thereafter, or in the case of a corporation, joint-stock company or association, or insurance company, organized or existing under the laws of a foreign country, in the place where its principal business is located within the United States, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, shall render a true and accurate return under oath or affirmation of its president, vice president, or other principal officer, and its treasurer or assistant treasurer, to the collector of internal revenue for the district in which it has its principal place of business, setting forth

G-36

(first) the total amount of its paid-up capital stock outstanding, or if no capital stock, its capital employed in business, at the close of the year;

G-37

(second) the total amount of its bonded and other indebtedness at the close of the year;

G-38

(third) the gross amount of its income, received during such year from all sources,

G-39

and if organized under the laws of a foreign country the gross amount of its income received within the year from business transacted and capital invested within the United States;

G-40

(fourth) the total amount of all its ordinary and necessary expenses paid out of earnings in the maintenance and operation of the business and properties of such corporation, joint-stock company or association, or insurance company within the year, stating separately all rentals or other payments required to be made as a condition to the continued use or possession of property,

G-41

and if organized under the laws of a foreign country the amount so paid in the maintenance and operation of its business within the United States;

G-42

(fifth) the total amount of all losses actually sustained during the year and not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property, and in case of insurance companies the net addition, if any required by law to be made within the year to

reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

G-43

and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

G-44

Provided, Further, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses and reinsurance reserves:

G-45

Provided, Further, That mutual marine insurance companies shall include in their return of gross income gross premiums collected and received by them less amounts paid for reinsurance, but shall be entitled to include in deductions from gross income amounts repaid to policyholders on account of premiums previously paid by them, and interest paid upon such amounts between the ascertainment thereof and the payment thereof

G-46

and life insurance companies shall not include as income in any year such portion of any actual premium received from any individual policyholder as shall have been paid back or credited to such individual policyholder, or treated as an abatement of premium of such individual policyholder, within such year;

G-47

and in case of a corporation, joint-stock company or association, or insurance company, organized under the laws of a foreign country, all losses actually sustained by it during the year in business conducted by it within the United States, not compensated by insurance or otherwise, stating separately any amounts allowed for depreciation of property,

G-48

and in case of insurance companies the net addition, if any, required by law to be made within the year to reserve funds and the sums other than dividends paid within the year on policy and annuity contracts:

G-49

Provided, Further, That mutual fire insurance companies requiring their members to make premium deposits to provide for losses and expenses shall not return as income any portion of the premium deposits returned to their policyholders, but shall return as taxable income all income received by them from all other sources plus such portions of the premium deposits as are retained by the companies for purposes other than the payment of losses and expenses and reinsurance reserves:

G-50

Provided, Further, That mutual marine insurance companies shall include in their return of gross income gross premiums, collected and received by them less amounts paid for reinsurance, but shall be entitled to include in deductions from gross income amounts repaid to policy holders on account of premiums previously paid by them and interest paid upon such amounts between the ascertainment thereof and the payment thereof

G-51

and life insurance companies shall not include as income in any year such portion of any actual pre-

mium received from any individual policyholder as shall have paid back or credited to such individual policyholder, or treated as an abatement of premium of such individual policyholder, within such year;

G-52

(sixth) the amount of interest, accrued and paid within the year on its bonded or other indebtedness not exceeding one-half the sum of its interest bearing indebtedness and the paid-up capital stock, outstanding at the close of the year,

G-53

or if no capital stock, the amount of interest paid within the year on an amount of indebtedness not exceeding the amount of capital employed in the business at the close of the year;

G-54

and in the case of a bank, banking association, or trust company, stating separately all interest paid by it within the year on deposits;

G-55

or in case of a corporation, joint-stock company or association, or insurance company, organized under the laws of a foreign country, interest so paid on its bonded or other indebtedness to an amount of such bonded or other indebtedness not exceeding the proportion of its paid-up capital stock outstanding at the close of the year,

G-56

or if no capital stock, the amount of capital employed in the business at the close of the year, which the gross amount of its income for the year from business transacted and capital invested within the United States bears to the gross amount of its income derived from all sources within and without the United States;

G-57

(seventh) the amount paid by it within the year for taxes imposed under the authority of the United States and separately the amount so paid by it for taxes imposed by the Government of any foreign country;

G-58

(eighth) the net income of such corporation, joint-stock company or association, or insurance company, after making the deductions in this subsection authorized.

G-59

All such returns shall as received be transmitted forthwith by the collector to the Commissioner of Internal Revenue.

G-60

All assessments shall be made and the several corporations, joint-stock companies or associations, and insurance companies shall be notified of the amount for which they are respectively liable on or before the first day of June of each successive year, and said assessment shall be paid on or before the thirtieth day of June:

G-61

Provided, That every corporation, joint-stock company or association, and insurance company, computing taxes upon the income of the fiscal year which it may designate in the manner hereinbefore provided, shall pay the taxes due under its assessment within one hundred and twenty days after the date upon which it is required to file its list or return of income for assessment;

G-62

except in cases of refusal or neglect to make such return, and in cases of false or fraudulent returns, in which cases the Commissioner of Internal Revenue shall, upon the discovery thereof, at any time within three years after said return is due, make a return upon information obtained as provided for

in this section or by existing law, and the assessment made by the Commissioner of Internal Revenue thereon shall be paid by such corporation, joint-stock company or association, or insurance company immediately upon notification of the amount of such assessment;

G-63

and to any sum or sums due and unpaid after the thirtieth day of June in any year, or after one hundred and twenty days from the date on which the return of income is required to be made by the taxpayer, and after ten days' notice and demand thereof by the collector, there shall be added the sum of 5 per centum on the amount of tax unpaid and interest at the rate of 1 per centum per month upon said tax from the time the same becomes due.

G-64

(d) When the assessment shall be made, as provided in this section, the returns, together with any corrections thereof which may have been made by the commissioner, shall be filed in the office of the Commissioner of Internal Revenue and shall constitute public records and be open to inspection as such:

G-65

Provided, That any and all such returns shall be open to inspection only upon the order of the President, under rules and regulations to be prescribed by the Secretary of the Treasury and approved by the President:

G-66

Provided, Further, That the proper officers of any State imposing a general income tax may, upon the request of the governor thereof, have access to said returns or to an abstract thereof, showing the name and income of each such corporation, joint-stock company, association or insurance company, at such times and in such manner as the Secretary of the Treasury may prescribe.

G-67

If any of the corporations, joint-stock companies or associations, or insurance companies aforesaid, shall refuse or neglect to make a return at the time or times hereinbefore specified in each year, or shall render a false or fraudulent return, such corporation, joint-stock company or association, or insurance company shall be liable to a penalty of not exceeding \$10,000.

Paragraph H

H-1

H. That the word "State" or "United" States when used in this section shall be construed to include any Territory, Alaska, the District of Columbia, Porto Rico, and the Philippine Islands, when such construction is necessary to carry out its provisions.

Paragraph I

I-1

1. That sections thirty-one hundred and sixty-seven, thirty-one hundred and seventy-two, thirty-one hundred and seventy-three and thirty-one hundred and seventy-six of the Revised Statutes of the United States as amended are hereby amended so as to read as follows:

R. S. Sec. 3167

"Sec. 3167. It shall be unlawful for any collector, deputy collector, agent, clerk, or other officer or employee of the United States to divulge or to make known in any manner whatever not provided by law to any person the operations, style of work, or apparatus of any manufacturer or producer visited by him in the discharge of his official duties, or the amount of source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any income return by any person or corporation, or to permit any income return or copy thereof or any book containing any abstract or particulars thereof to be seen or examined by any person except as provided by law;

and it shall be unlawful for any person to print or publish in any manner whatever not provided by law any income

return or any part thereof or the amount or source of income, profits, losses, or expenditures appearing in any income return;

and any offense against the foregoing provision shall be a misdemeanor and be punished by a fine not exceeding \$1,000 or by imprisonment not exceeding one year, or both, at the discretion of the court;

and if the offender be an officer or employee of the United States he shall be dismissed from office and be incapable thereafter of holding any office under the Government.

R. S. Sec. 3172

(Sec. 3172. Every collector shall, from time to time, cause his deputies to proceed through every part of his district and inquire after and concerning all persons therein who are liable to pay any internal-revenue tax, and all persons owning or having the care and management of any objects liable to pay any tax, and to make a list of such persons and enumerate said objects.

R. S. Sec. 3173

(Sec. 3173. It shall be the duty of any person, partnership, firm, association, or corporation, made liable to any duty, special tax, or other tax imposed by law, when not otherwise provided for, in case of a special tax, on or before the thirty-first day of July in each year, in case of income tax on or before the first day of March in each year, and in other cases before the day on which the taxes accrue, to make a list or return, verified by oath or affirmation, to the collector or a deputy collector of the district where located, of the articles or objects, including the amount of annual income charged with a duty or tax, the quantity of goods, wares, and merchandise made or sold and charged with a tax, the several rates and aggregate amount, according to the forms and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, for which such person, partnership, firm, association, or corporation is liable:

Provided, that if any person liable to pay any duty or tax, or owning, possessing, or having the care or management of property, goods, wares and

merchandise, articles or objects liable to pay any duty, tax, or license, shall fail to make and exhibit a list or return required by law, but shall consent to disclose the particulars of any and all the property, goods, wares, and merchandise, articles, and objects liable to pay any duty or tax, or any business or occupation liable to pay any tax as aforesaid, then, and in that case, it shall be the duty of the collector or deputy collector to make such list or return, which, being distinctly read, consented to, and signed and verified by oath or affirmation by the person so owning, possessing, or having the care and management as aforesaid, may be received as the list of such person:

Provided, Further, That in case no annual list or return has been rendered by such person to the collector or deputy collector as required by law, and the person shall be absent from his or her residence or place of business at the time the collector or a deputy collector shall call for the annual list or return, it shall be the duty of such collector or deputy collector to leave at such place of residence or business, with some one of suitable age and discretion, if such be present, otherwise to deposit in the nearest post office, a note or memorandum addressed to such person, requiring him or her to render to such collector or deputy collector the list or return required by law within ten days from the date of such note or memorandum, verified by oath or affirmation.

And if any person, on being notified or required as aforesaid, shall refuse or neglect to render such list or return within the time required as aforesaid, or whenever any person who is required to deliver a monthly or other return of objects subject to tax fails to do so at the time required, or delivers any return which, in the opinion of the collector, is false or fraudulent, or contains any undervaluation or understatement, it shall be lawful for the collector to summon such person, or any other person having possession, custody, or care of books of account containing entries relating to the business of such person, or any other person he may deem proper, to appear

before him and produce such books, at a time and place named in the summons, and to give testimony or answer interrogatories, under oath, respecting any objects liable to tax or the returns thereof.

The collector may summon any person residing or found within the State in which his district lies; and when the person intended to be summoned does not reside and cannot be found within such State, he may enter any collection district where such person may be found and there make the examination herein authorized. And to this end he may there exercise all the authority which he might lawfully exercise in the district for which he was commissioned.

R. S. Sec. 3176

"Sec. 3176. When any person, corporation, company, or association refuses or neglects to render any return or list required by law, or renders a false or fraudulent return or list, the collector or any deputy collector shall make, according to the best information which he can obtain, including that derived from the evidence elicited by the examination of the collector, and on his own view and information, such list or return, according to the form prescribed, of the income, property, and objects liable to tax owned or possessed or under the care or management of such person or corporation, company or association, and the Commissioner of Internal Revenue shall assess all taxes not paid by stamps, including the amount, if any, due for special tax, income or other tax, and in case of any return of a false or fraudulent list or valuation intentionally he shall add 100 per centum to such tax;

and in case of a refusal or neglect, except in cases of sickness or absence, to make a list or return, or to verify the same as aforesaid, he shall add 50 per centum to such tax.

In case of neglect occasioned by sickness or absence as aforesaid, the collector may allow such further time for making and delivering such list or return as he may deem necessary, not exceeding thirty days.

The amount so added to the tax shall be collected at the same time and in the same manner as the tax unless

the neglect or falsity is discovered after the tax has been paid, in which case the amount so added shall be collected in the same manner as the tax;

and the list or return so made and subscribed by such collector or deputy collector shall be held *prima facie* good and sufficient for all legal purposes."

Paragraph J

J-1

J. That it shall be the duty of every collector of internal revenue, to whom any payment of any taxes other than the tax represented by an adhesive stamp or other engraved stamp is made under the provisions of this section, to give to the person making such payment a full written or printed receipt, expressing the amount paid and the particular account for which such payment was made;

J-2

and whenever such payment is made such collector shall, if required, give a separate receipt for each tax paid by any debtor, on account of payments made to or to be made by him to separate credits in such form that such debtor can conveniently produce the same separately to his several creditors in satisfaction of their respective demands to the amounts specified in such receipts;

J-3

and such receipts shall be sufficient evidence in favor of such debtor to justify him in withholding the amount therein expressed from his next payment to his creditor;

J-4

but such creditor may, upon giving to his debtor a full written receipt, acknowledging the payment to him of whatever sum may be actually paid, and accepting the amount of tax paid as aforesaid, (specifying the same) as a further satisfaction of the debt to that amount, require the surrender to him of such collector's receipt.

Paragraph K**K-1**

K. That Jurisdiction is hereby conferred upon the district courts of the United States for the district within which any person summoned under this section to appear to testify or to produce books shall reside, to compel such attendance, production of books, and testimony by appropriate process.

Paragraph L**L-1**

L. That all administrative, special, and general provisions of law, including the laws in relation to the assessment, remission, collection, and refund of internal-revenue taxes not heretofore specifically repealed and not inconsistent with the provisions of this section, are hereby extended and made applicable to all the provisions of this section and to the tax herein imposed.

Paragraph M**M-1**

M. That the provisions of this section shall extend to Porto Rico and the Philippine Islands:

M-2

Provided, That the administration of the law and the collection of the taxes imposed in Porto Rico and the Philippine Islands shall be by the appropriate internal-revenue officers of those governments, and all revenues collected in Porto Rico and the Philippine Islands thereunder shall accrue intact to the general governments, thereof, respectively:

M-3

And Provided, Further, That the jurisdiction in this section, conferred upon the district courts of the United States shall, so far as the Philippine Islands are concerned, be vested in the courts of the first instance of said islands:

M-4

And provided, Further, That nothing in this section shall be held to exclude from the computation of the net income the compensation paid any official by the governments of the District of Columbia, Porto Rico and the Philippine Islands or the political subdivisions thereof.

Paragraph N

N-1

N. That for the purpose of carrying into effect the provisions of Section 11 of this Act, and to pay the expenses of assessing and collecting the income tax therein imposed, and to pay such sums as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may deem necessary, for information, detection, and bringing to trial and punishment persons guilty of violating the provisions of this section, or conniving at the same, in cases where such expenses are not otherwise provided for by law, there is hereby appropriated out of any money in the Treasury not otherwise appropriated for the fiscal year ending June thirtieth, nineteen hundred and fourteen, the sum of \$800,000 and the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to appoint and pay from this appropriation all necessary officers, agents, inspectors, deputy collectors, clerks, messengers and janitors, and to rent such quarters, purchase such supplies, equipment, mechanical devices, and other articles as may be necessary for employment or use in the District of Columbia or any collection district in the United States, or any of the Territories thereof:

N-2

Provided, That no agent paid from this appropriation shall receive compensation at a rate higher than that now received by traveling agents on accounts in the Internal Revenue Service, and no inspector shall receive a compensation higher than \$5 a day and \$3 additional in lieu of subsistence, and no deputy collector, clerk, messenger, or other

employee shall be paid at a rate of compensation higher than the rate now being paid for the same or similar work in the Internal Revenue Service.

N-3

In the office of the Commissioner of Internal Revenue at Washington, District of Columbia, there shall be appointed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury one additional deputy commissioner, at a salary of \$4,000 per annum.

N-4

two heads of divisions, whose compensation shall not exceed \$2,500 per annum;

N-5

and such other clerks, messengers, and employees, and to rent such quarters and to purchase such supplies as may be necessary:

N-6

Provided, That for a period of two years from and after the passage of this Act the force of agents, deputy collectors, inspectors, and other employees not including the clerical force below the grade of chief of division employed in the Bureau of Internal Revenue in the city of Washington, District of Columbia, authorized by this section of this Act, shall be appointed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, under such rules and regulations as may be fixed by the Secretary of the Treasury to insure faithful and competent service, and with such compensation as the Commissioner of Internal Revenue may fix, with the approval of the Secretary of the Treasury, within the limitations herein prescribed:

N-7

Provided, Further, That the force authorized to carry out the provisions of Section 11 of this Act, when not employed as herein provided, shall be employed on general internal-revenue work.

SECTION IV.

(Matter omitted relates to tariff only.)

* * * * *

Paragraph S

S-1

S. * * * * * Provided, Further, That all excise taxes upon corporations imposed by section thirty-eight, that have accrued or have been imposed for the year ending December thirty-first, nineteen hundred and twelve, shall be returned, assessed and collected in the same manner, and under the same provisions, liens, and penalties as if section thirty-eight continued in full force and effect:

S-2

And Provided, Further, That a special excise tax with respect to the carrying on or doing business, equivalent to 1 per centum upon their entire net income shall be levied, assessed, and collected upon corporations, joint-stock companies or associations, and insurance companies, of the character described in section thirty-eight of the Act of August fifth, nineteen hundred and nine, for the period from January first to February twenty-ninth, nineteen hundred and thirteen, both dates inclusive, which said tax shall be computed upon one-sixth of the entire net income of said corporations, joint-stock companies or associations, and insurance companies, for said year, said net income to be ascertained in accordance with the provisions of subsection G of section two of this Act:

S-3

Provided, Further, That the provisions of said section thirty-eight of the Act of August fifth, nineteen hundred and nine, relative to the collection of the tax therein imposed, shall remain in force for the collection of the excise tax herein provided, but for the year nineteen hundred and thirteen it shall not be necessary to make more than one return and assessment for all the taxes im-

posed herein upon said corporations, joint-stock companies or associations, and insurance companies, either by way of income or excise, which return or assessment shall be made at the times and in the manner provided in this Act;

S-4

but the repeal of existing laws or modifications thereof embraced in this Act shall not affect any act done, or any right accruing or accrued, or any suit or proceeding had or commenced in any civil case before the said repeal or modification;

S-5

but all rights and liabilities under said laws shall continue and may be enforced in the same manner as if said repeal or modifications had not been made.

S-6

Any offenses committed and all penalties or forfeitures or liabilities incurred prior to the passage of this Act under any statute embraced in or changed, modified, or repealed by this Act may be prosecuted or punished in the same manner and with the same effect as if this Act had not been passed.

S-7

No Acts of limitation now in force, whether applicable to civil causes and proceedings or to the prosecution of offenses or for the recovery of penalties or forfeitures embraced in or modified, changed, or repealed by this Act, shall be affected thereby so far as they affect any suits, proceedings, or prosecutions, whether civil or criminal, for causes arising or acts done or committed prior to the passage of this Act, which may be commenced and prosecuted within the same time and with the same effect as if this Act had not been passed.

Paragraph T

T-1

T. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court

of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of said Act, but shall be confined to its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Paragraph U

U-1

U. That unless otherwise herein specially provided, **this** Act shall take effect on the day following its passage.
Approved, 9:10 p. m., October, 3, 1913.

II. DIGEST AND SYLLABUS OF INCOME TAX LAW

1. AMOUNT

1. AMOUNT

A-4

Normal Tax—1 Per Cent.

D-3

Net income of individuals exceeding \$3,000.

NOTE—Paragraph "S" of the Income Tax Law modifies and repeals the Corporation Excise Law of 1909.

2. AGAINST WHAT LEVIED.

A-2

Entire Taxable Net Income of

Citizens of the United States residing at home or abroad.

A-3

Aliens residing in the United States.

Domestic corporations.

G-1

Net Income Derived From Business Transacted or Capital Invested in the United States by

A-5

Aliens residing outside of the United States.

G-2

Foreign corporations.

Exceptions: A non-resident alien need pay no tax on income from bonds, mortgages and similar obligations of corporations.

ADDITIONAL TAX

A-6

(Gross Incomes of Individuals Only.)

A-7

1% on the amount by which income exceeds \$20,000.

A-8

2% on the amount by which income exceeds \$50,000,
but does not exceed \$75,000.

A-9

3% on the amount by which income exceeds \$75,000,
but does not exceed \$100,000.

A-10

4% on the amount by which income exceeds \$100,000,
but does not exceed \$250,000.

A-11

5% on the amount by which income exceeds \$250,000,
but does not exceed \$500,000.

A-12

6% on the amount by which income exceeds \$500,000.

DEDUCTIONS FOR THE NORMAL TAX

B-8

1. Necessary expenses actually paid in carrying on business:

Exception: Family, living or personal expenses are not deductible.

B-9

2. All interest paid on indebtedness.

B-10

3. Taxes: State, County, School and Municipal.

B-10

NOTE—National, State, County, School and Municipal Special assessments for local benefits such as street paving, sewer drainage, etc., are not deductible.

B-11

4. Losses actually sustained during the year.
 - (a) Incurred in trade or business.
 - (b) From fire, storm or shipwreck, and not compensated by insurance or otherwise.

B-12

5. Debts due and found worthless and charged off.

B-13

6. Reasonable allowance for wear and tear of property.

B-14

NOTE—No deductions for new buildings, permanent improvements, etc., which tend to increase the value of property.

NOTE—The foregoing deductions 1, 2, 3, 4, 5 and 6 only are allowed in calculating net income for the additional tax.

B-15

7. Dividends received from a corporation, joint-stock company or association which are taxable on their net income at the source.

B-16

8. Amount of income on which tax is paid or withheld at source:
 - (a) Interest on obligations of the United States, a State, County, or political subdivision of a State, including interest paid on public improvements, reclamation, drainage or special assessment bonds issued for local improvements.
 - (b) Salaries of
 1. Present President of the United States.
 2. Judges of the Federal Courts.

3. Officers and employees of a State or a political subdivision of a State, except when such salary is paid by the United States Government.

C-1

9. Exemptions from the tax:
 - (a) \$3,000 per annum for a single person.
(\$2,500 for the year 1913.)

C-2

- (b) \$4,000 per annum for a married couple living together.
(\$3,333.33 for the year 1913 for a married couple living together.)

THE RETURN

Annual Return Must Be Filed by

D-8

1. Persons having an annual net income exceeding \$3,000.

E-8

2. Trustees, executors, administrators and conservators having the receipt, custody or payment of annual net income of another person exceeding \$3,000.

G-7

3. Corporations total annual net income.
(No specific exemption allowed.)

D-6

4. Persons or corporations withholding the tax at the source.
 - (a) A separate return for each payee.
 - (b) Certificate Form No. 1042, page 94.

D-5

- (c) A return by one of two or more joint trustees is sufficient.

RETURN MUST CONTAIN:**B-1**

1. The gross amount of income from all separate sources, and from the total, deducting the aggregate deductions of authorized expenses and allowances. Return to be under oath or affirmation.

G-1

- (a) Personal return Forms Nos. 1040, 1041, pages 71-76.
- (b) Corporations' returns, Forms Nos. 1030, 1031, 1032, 1033, 1034, 1035, pages 80-90.

WHEN RETURN MUST BE FILED**D-3**

1. Individuals:
 - (a) On or before March 1.

G-35

2. Corporations:
 - (a) On or before March 1, or
 - (b) Within 60 days after the close of the designated fiscal year.

WHERE RETURN MUST BE FILED:**G-35**

1. Individuals:
 - (a) Where the person or corporation resides or has his or its principal place of business.

G-35

2. Foreign corporations and non-residents:
 - (a) Where the principal place of business in the United States is located.

D-5

3. Trustees, etc.:
 - (a) Where such trustees reside, or
 - (b) Where will or instrument under which he acts is recorded.

WHEN THE TAX MUST BE PAID:

E-1

1. Individual:
 - (a) Between June 1 and June 30.

G-60

2. Corporation:
 - (a) Between June 1 and June 30, or

G-61

- (b) Where corporation uses "fiscal year," tax must be paid within 180 days after the close of such "fiscal year."

Deduction and Payment of Tax at the Source

DEDUCTION AT THE SOURCE REQUIRES:

E-8

1. Persons to withhold the normal tax of one per cent on all funds payable to another person when the aggregate amount exceeds \$3,000, and is fixed and certain.

E-22

2. Corporations to withhold the normal tax of one per cent on all interest paid by them or their agent on bonds, mortgages, trust deeds or similar obligations of corporations regardless of amount.

E-12

3. The person required to deduct the tax is personally liable for the same.

A-14

4. The additional tax is not deducted at the source at any time.

D-10

5. No tax is deducted on dividends of corporations which pay the income tax on their net earnings.

WHEN THE TAX IS TO BE DEDUCTED AT THE SOURCE:**E-19**

1. Whenever the aggregate amount paid is fixed and certain.

NOTE—Not including dividends on stock of corporations.

2. The tax of one per cent is deducted "at the place where the income originates."
 - (a) Interest on bonds, mortgages or deeds of trust of corporations, domestic or foreign.
 - (b) Interest on foreign bonds.
 - (c) Dividends of corporations or insurance companies doing business in foreign countries.

HOW EXEMPTIONS MAY BE CLAIMED AGAINST DEDUCTION OF THE TAX AT THE SOURCE:

1. The \$3,000 personal exemption.

To obtain exemption, the payee must file with the person withholding the tax Certificate Form No. 1007, page 67, at any time 30 days before the annual return of the withholding agent is required to be made.
2. Deductions for expense:
 - (a) The payee must file with the withholding agent a true return of his income from all sources and the deduction claimed therein Certificate Form No. 1008, page 70.

E-18

3. If the payee is a minor, or insane, or absent from the United States, or unable by illness to make such return, the father, conservator or other authorized person may make the return for such person under oath. An extension of 30 days for filing the return may be obtained upon application to the collector, made within the period for such extension is desired.

E-30

NOTE—Deduction and payment of the tax at the source applies only to amounts payable to individuals, not to corporations.

Gross Income

GROSS INCOME INCLUDES:

	B-1	B-2	B-3	
1. Salaries Wages Gains and Profits, Com- pensation for personal service		derived or accrued from	Professions Vocations Businesses Trade Commerce Sales or Dealings in or Growing out of Ownership or use of	Property, Real and Personal

—also—

B-4

2. Income received from or accruing from	Interest Rent Dividends Securities Transactions of any lawful busi- ness carried on for gain or profit Gains, profits or income accruing from any source whatever.
--	---

Net income for the purpose of the income tax is the amount of the gross income less the deductions 1, 2, 3, 4, 5 and 6.

NOTE—See deductions for the normal tax.

GROSS INCOME EXCLUDES:

B-5

1. Money or value
of property
acquired by
Gift

Bequest
Devise
Descent
But the income from
these is taxable.

B-6

2. Proceeds of Life Insurance Policies:
 - (a) Paid on the death of the insured;
 - (b) Credited to the insured on surrender of contract, as
 1. Endowments.
 2. Annuity contracts.

Corporations' Income Tax**AMOUNT OF TAX:****G-1**

The normal tax of one per cent only.

ON WHAT THE TAX IS ASSESSED:**G-1**

1. Domestic corporations:
 - (a) Entire net income.

C-2

2. Foreign corporations:
 - (a) Net income accruing from business transacted and capital invested in the United States.

WHAT IS NET INCOME:

Gross Income Less

G-8

1. Expenses of maintenance and operation, including rentals.

G-9

2. All losses not compensated by insurance or otherwise.

G-9

3. Reasonable wear and tear.

G-15

4. Amount of interest paid on its indebtedness.

G-19

5. Sums paid for taxes.

WHAT RETURN MUST CONTAIN:

(See Forms 1030 to 1035, inclusive, pages 80-90.)

1. Total amount of capital stock outstanding.
2. Total amount of bonded or other indebtedness.
3. Gross income.
4. Deductions as above specified.
5. Net income after making these deductions.

BY WHOM REPORT MUST BE SIGNED:

(See Instructions.)

1. By president, vice-president or other principal officer, and
2. By treasurer or assistant treasurer.
3. Return to be under oath or affirmation.

Penalties

FOR NEGLECT OR REFUSAL TO MAKE RETURN ON TIME:

F-1

1. Individual:
 - (a) Fine—not less than \$20 or over \$1,000.
 - (b) There shall be added to the tax 5% of the amount thereof, and 1% per month from time it became due.

G-66

E-4

2. Corporations:
 - (a) Fine—not exceeding \$10,000.

- (b) There shall be added to the tax 5% of the amount thereof, and 1% per month from time it became due.

F-2

R. S. 3176

FOR MAKING A FALSE OR FRAUDULENT RETURN

1. Individual or officer of a corporation:
 - (a) Fine—not exceeding \$2,000, imprisonment for one year, or both.

G-66

2. Corporation:
 - (a) Fine—not exceeding \$10,000.

E-14

R. S. 3176

FOR FILING “AT SOURCE” A FALSE STATEMENT RESPECTING THE \$3,000 ALLOWANCE (OR \$4,000 FOR MARRIED COUPLE):

- (a) Fine of \$300.

E-28

ALL PERSONS UNDERTAKING AS A MATTER OF BUSINESS, THE COLLECTION OF FOREIGN PAYMENTS OF INTEREST OR DIVIDENDS MUST TAKE OUT A LICENSE UNDER PENALTY OF FINE NOT EXCEEDING \$5,000, OR ONE YEAR'S IMPRISONMENT, OR BOTH.

K-1

THE DISTRICT COURTS OF THE UNITED STATES ARE GIVEN JURISDICTION (IN CASES WHERE PERSONS ARE SUMMONED BY A COLLECTOR TO APPEAR AND TESTIFY REGARDING THEIR RETURNS) TO COMPEL SUCH ATTENDANCE, PRODUCTION OF BOOKS AND TESTIMONY.

FEDERAL TRADE COMMISSION ACT

An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created and established, to be known as the Federal Trade Commission (hereinafter referred to as the commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the date of the taking effect of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. The commission shall choose a chairman from its own membership. No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the commission shall not impair the right of the remaining commissioners to exercise all the powers of the commission.

The commission shall have an official seal, which shall be judicially noticed.

Sec. 2. That each commissioner shall receive a salary of \$10,000 a year, payable in the same manner as the salaries of the judges of the courts of the United States. The commission shall appoint a secretary, who shall receive a salary of \$5,000 a year, payable in like manner, and it shall have authority to employ and fix the compensation of such attorneys, special experts, examiners, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties

and as may be from time to time appropriated for by Congress.

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be a part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the commission and by the Civil Service Commission.

All of the expenses of the commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigation, or upon official business in any other places than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the commission.

Until otherwise provided by law, the commission may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the commission.

Sec. 3. That upon the organization of the commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending investigations and proceedings of the Bureau of Corporations shall be continued by the commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the

commission in the exercise of the powers, authority, and duties conferred on it by this Act.

The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

Sec. 4. That the words defined in this section shall have the following meaning when found in this Act, to-wit:

"Commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation or between the District of Columbia and any State or Territory or foreign nation.

"Corporation" means any company or association incorporated or unincorporated, which is organized to carry on business for profit and has shares of capital or capital stock, and any company or association, incorporated or unincorporated, without shares of capital or capital stock, except partnerships, which is organized to carry on business for its own profit or that of its members.

"Documentary evidence" means all documents, papers, and correspondence in existence at and after the passage of this Act.

"Acts to regulate commerce" means the Act entitled "An Act to regulate commerce," approved February fourteenth, eighteen hundred and eighty-seven, and all Acts amendatory thereof and supplementary thereto.

"Antitrust acts" means the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety; also the sections seventy-three to seventy-seven, inclusive, of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August twenty-seventh, eighteen hundred and ninety-four; and also the Act entitled "An Act to amend sections seventy-three and

seventy-six of the Act of August twenty-seventh, eighteen hundred and ninety-four, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes,' " approved February twelfth, nineteen hundred and thirteen.

Sec. 5. That unfair methods of competition in commerce are hereby declared unlawful.

The commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, and common carriers subject to the Acts to regulate commerce, from using unfair methods of competition in commerce.

Whenever the commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the commission, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission. If upon such hearing the commission shall be of the opinion that the method of competition in question is prohibited by this Act, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership or corporation to cease and desist from using such method of competition. Until a transcript of the record in such hearing shall have been filed in a circuit court of

appeals of the United States, as hereinafter provided, the commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person, partnership, or corporation fails or neglects to obey such order of the commission while the same is in effect, the commission may apply to the circuit court of appeals of the United States, within any circuit where the method of competition in question was used or where such person, partnership, or corporation resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, partnership, or corporation and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission. The findings of the commission as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission, the court may order such additional evidence to be taken before the commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme

Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission to cease and desist from using such method of competition may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission be set aside. A copy of such petition shall be forthwith served upon the commission, and thereupon the commission forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission as in the case of an application by the commission for the enforcement of its order, and the findings of the commission as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or judgment of the court to enforce the same shall in any wise relieve or absolve any person, partnership, or corporation from any liability under the anti-trust acts.

Complaints, orders, and other processes of the commission under this section may be served by anyone duly authorized by the commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or

other process registered and mailed as aforesaid shall be proof of the service of the same.

Sec. 6. That the commission shall also have power—

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and to individuals, associations and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the anti-trust Acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the anti-trust Acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the anti-trust Acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

(f) To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

(g) From time to time to classify corporations and to make rules and regulations for the purpose of carrying out the provisions of this Act.

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

Sec. 7. That in any suit in equity brought by or under the direction of the Attorney General as provided in the anti-trust Acts, the court may, upon the conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission as a master in chancery, to ascertain and report an appropriate form of decree therein. The commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had in relation thereto as upon the report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

Sec. 8. That the several departments and bureaus of the Government when directed by the President shall furn-

ish the commission, upon its request, all records, papers and information in their possession relating to any corporation subject to any of the provisions of this Act, and shall detail from time to time such officials and employees to the commission as he may direct.

Sec. 9. That for the purposes of this Act the commission, or its duly authorized agent or agents, shall at all reasonable time have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoenas, and members and examiners of the commission may administer oaths and affirmations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, the district courts of the United States shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like service in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it: **Provided,** That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not

more than one year, or by both such fine and imprisonment.

Any person who shall wilfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall wilfully make, or cause to be made, any false entry in any account, record, or memorandum kept by any corporation subject to this Act, or who shall wilfully neglect or fail to make, or to cause to be made, full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of such corporation, or who shall wilfully remove out of the jurisdiction of the United States, or wilfully mutilate, alter, or by any other means falsify any documentary evidence of such corporation, or who shall wilfully refuse to submit to the commission or to any of its authorized agents, for the purpose of inspection and taking copies, any documentary evidence of such corporation in his possession or within his control, shall be deemed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than \$1,000 nor more than \$5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this Act to file any annual or special report shall fail so to do within the time fixed by the commission for filing the same, and such failure shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any officer or employee of the commission who shall make public any information obtained by the commission without its authority, unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by fine and imprisonment, in the discretion of the court.

Sec. 11. Nothing contained in this Act shall be construed to prevent or interfere with the enforcement of the provisions of the anti-trust Acts or the Acts to regulate commerce, nor shall anything contained in the Act be construed to alter, modify or repeal the said anti-trust Acts or the Acts to regulate commerce or any part or parts thereof.

Approved, September 26, 1914.

CLAYTON ANTI-TRUST ACT

An Act To supplement existing laws against unlawful restraints and monopolies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That "antitrust laws," as used herein, includes the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety; sections seventy-three to seventy-seven, inclusive, of an Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," of August twenty-seventh, eighteen hundred and ninety-four; an Act entitled "An Act to amend sections seventy-three and seventy-six of the Act of August twenty-seventh, eighteen hundred and ninety-four, entitled 'An Act to reduce taxation, to provide revenue for the Government, and for other purposes,'" approved February twelfth, nineteen hundred and thirteen; and also this Act.

"Commerce," as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States: **Provided**, That nothing in this Act contained shall apply to the Philippine Islands.

The word "person" or "persons" wherever used in this Act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country.

Sec. 2. That it shall be unlawful for any person engaged in commerce, in the course of such commerce,

either directly or indirectly to discriminate in price between different purchasers of commodities, which commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce: **Provided**, That nothing herein contained shall prevent discrimination in price between purchasers of commodities on account of differences in the grade quality or quantity of the commodity sold, or that makes only due allowance for difference in the cost of selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition; **And provided further**, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

Sec. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies of other commodities, whether patented or unpatented, for use, consumption or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

Sec. 4. That any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in a district in which the de-

fendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee.

Sec. 5. That a final judgment or decree hereafter rendered in any criminal prosecution or in any suit or proceeding in equity brought by or on behalf of the United States under the antitrust laws to the effect that a defendant has violated said laws shall be prima facie evidence against such defendant in any suit or proceeding brought by any other party against such defendant under said laws as to all matters respecting which said judgment or decree would be an estoppel as between the parties thereto: Provided, This section shall not apply to consent judgments or decrees entered before any testimony has been taken: Provided further, This section shall not apply to consent judgments or decrees rendered in criminal proceedings or suits in equity, now pending, in which the taking of testimony has been commenced but has not been concluded, provided such judgments or decrees are rendered before any further testimony is taken.

Whenever any suit or proceeding in equity or criminal prosecution is instituted by the United States to prevent, restrain or punish violations of any of the antitrust laws, the running of the statute of limitations in respect of each and every private right of action arising under said laws and based in whole or in part on any matter complained of in said suit or proceeding shall be suspended during the pendency thereof.

Sec. 6. That the labor of a human being is not a commodity or article of commerce. Nothing contained in the antitrust laws shall be construed to forbid the existence and operation of labor, agricultural, or horticultural organizations, instituted for the purposes of mutual help, and not having capital stock or conducted for profit, or to forbid or restrain individual members of such organizations from lawfully carrying out the legitimate objects thereof; nor shall such organizations, or the members thereof, be held or construed to be illegal combinations or conspiracies in restraint of trade, under the antitrust laws.

Sec. 7. That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where the effect of such acquisition may be to substantially lessen competition between the corporation whose stock is so acquired and the corporation making the acquisition, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

No corporation shall acquire, directly or indirectly, the whole of any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the voting or granting of proxies or otherwise, may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

This section shall not apply to corporations purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and

the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other such common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: **Provided**, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Sec. 8. That from and after two years from the date of the approval of this Act no person shall at the same time be a director or other officer or employee of more than one bank, banking association or trust company, organized or operating under the laws of the United States, either of which has deposits, capital, surplus, and undivided profits aggregating more than \$5,000,000; and no private banker or person who is a director in any bank or trust company, organized and operating under the laws of a State, having deposits, capital, surplus and undivided profits aggregating more than \$5,000,000, shall be eligible to be a director in any bank or banking association organized or operating under the laws of the United States. The eligibility of a director, officer, or employee under the foregoing provisions shall be determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed as provided by law during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter under said election or employment.

No bank, banking association or trust company, organized or operating under the laws of the United States, in any city or incorporated town or village of more than two

hundred thousand inhabitants, as shown by the last preceding decennial census of the United States, shall have as a director or other officer or employee any private banker or any director or other officer or employee of any other bank, banking association or trust company located in the same place: **Provided**, That nothing in this section shall apply to mutual savings banks not having a capital stock represented by shares: **Provided further**, That a director or other officer or employee of such bank, banking association, or trust company may be a director or other officer or employee of not more than one other bank or trust company organized under the laws of the United States or any State where the entire capital stock of one is owned by stockholders in the other: **And provided further**, That nothing contained in this section shall forbid a director of class A of a Federal reserve bank, as defined in the Federal Reserve Act from being an officer or director or both an officer and director in one member bank.

That from and after two years from the date of the approval of this Act no person at the same time shall be a director in any two or more corporations, any one of which has capital, surplus, and undivided profits aggregating more than \$1,000,000, engaged in whole or in part in commerce, other than banks, banking associations, trust companies and common carriers subject to the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, if such corporations are or shall have been theretofore, by virtue of their business and location of operation, competitors, so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the antitrust laws. The eligibility of a director under the foregoing provision shall be determined by the aggregate amount of the capital, surplus, and undivided profits, exclusive of dividends declared but not paid to stockholders, at the end of the fiscal year of said corporation next preceding the election of directors, and when a director has been elected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter.

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

Sec. 9. Every president, director, officer or manager of any firm, association or corporation engaged in commerce as a common carrier, who embezzles, steals, abstracts or wilfully misapplies, or wilfully permits to be misapplied, any of the moneys, funds, credits, securities, property or assets of such firm, association or corporation, arising or accruing from, or used in, such commerce, in whole or in part, or wilfully or knowingly converts the same to his own use or to the use of another, shall be deemed guilty of a felony and upon conviction shall be fined not less than \$500 or confined in the penitentiary not less than one year nor more than ten years, or both, in the discretion of the court.

Prosecutions hereunder may be in the district court of the United States for the district wherein the offense may have been committed.

That nothing in this section shall be held to take away or impair the jurisdiction of the courts of the several States under the laws thereof; and a judgment of conviction or acquittal on the merits under the laws of any State shall be a bar to any prosecution hereunder for the same act or acts.

Sec. 10. That after two years from the approval of this Act no common carrier engaged in commerce shall have any dealings in securities, supplies or other articles of commerce, or shall make or have any contracts for construction or maintenance of any kind, to the amount of more than \$50,000, in the aggregate, in any one year, with another corporation, firm, partnership or association when the said common carrier shall have upon its

board of directors or as its president, manager or as its purchasing or selling officer, or agent in the particular transaction, any person who is at the same time a director, manager, or purchasing or selling officer of, or who has any substantial interest in, such other corporation, firm, partnership or association, unless and except such purchases shall be made from, or such dealings shall be with, the bidder whose bid is the most favorable to such common carrier, to be ascertained by competitive bidding under regulations to be prescribed by rule or otherwise by the Interstate Commerce Commission. No bid shall be received unless the name and address of the bidder or the names and addresses of the officers, directors and general managers thereof, if the bidder be a corporation, or of the members, if it be a partnership or firm, be given with the bid.

Any person who shall, directly or indirectly, do or attempt to do anything to prevent anyone from bidding or shall do any act to prevent free and fair competition among the bidders or those desiring to bid shall be punished as prescribed in this section in the case of an officer or director.

Every such common carrier having any such transactions or making any such purchases shall within thirty days after making the same file with the Interstate Commerce Commission a full and detailed statement of the transaction showing the manner of the competitive bidding, who were the bidders, and the names and addresses of the directors and officers of the corporations and the members of the firm or partnership bidding; and whenever the said commission shall, after investigation or hearing, have reason to believe that the law has been violated in and about the said purchases or transactions it shall transmit all papers and documents and its own views or findings regarding the transaction to the Attorney General.

If any common carrier shall violate this section it shall be fined not exceeding \$25,000; and every such director, agent, manager or officer thereof who shall have knowingly voted for or directed the act constituting such violation or who shall have aided or abetted in such violation shall be deemed guilty of a misdemeanor and shall

be fined not exceeding \$5,000, or confined in jail not exceeding one year, or both, in the discretion of the court.

Sec. 11. That authority to enforce compliance with sections two, three, seven and eight of this Act by the persons respectively subject thereto is hereby vested: in the Interstate Commerce Commission where applicable to common carriers, in the Federal Reserve Board where applicable to banks, banking associations and trust companies, and in the Federal Trade Commission where applicable to all other character of commerce, to be exercised as follows:

Whenever the commission or board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections two, three, seven and eight of this Act, it shall issue and serve upon such person a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission or board requiring such person to cease and desist from the violation of the law so charged in said complaint. Any person may make application, and upon good cause shown may be allowed by the commission or board, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission or board. If upon such hearing the commission or board, as the case may be, shall be of the opinion that any of the provisions of said sections have been or are being violated, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person an order requiring such person to cease and desist from such violations, and divest itself of the stock held or rid itself of the directors chosen contrary to the provisions of sections seven and eight of this Act, if any there be, in the manner and within the time fixed by said order. Until a transcript of the record in such hearing shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the com-

mission or board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person fails or neglects to obey such order of the commission or board while the same is in effect, the commission or board may apply to the circuit court of appeals of the United States, within any circuit where the violation complained of as was or is being committed or where such person resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission or board. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission or board. The findings of the commission or board as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission or board, the court may order such additional evidence to be taken before the commission or board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court

upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission or board to cease and desist from a violation charged may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission or board be set aside. A copy of such petition shall be forthwith served upon the commission or board, and thereupon the commission or board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission or board as in the case of an application by the commission or board for the enforcement of its order, and the findings of the commission or board as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission or board shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or board or the judgment of the court to enforce the same shall in any wise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the commission or board under this section may be served by anyone duly authorized by the commission or board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same and the return post-office receipt for said complaint,

order or other process registered and mailed as aforesaid shall be proof of the service of the same.

Sec. 12. That any suit, action, or proceeding under the antitrust laws against a corporation may be brought not only in the judicial district whereof it is an inhabitant, but also in any district wherein it may be found or transacts business; and all process in such cases may be served in the district of which it is an inhabitant, or wherever it may be found.

Sec. 13. That in any suit, action, or proceeding brought by or on behalf of the United States subpoenas for witnesses who are required to attend a court of the United States in any judicial district in any case, civil or criminal, arising under the antitrust laws may run into any other district: **Provided**, That in civil cases no writ of subpoena shall issue for witnesses living out of the district in which the court is held at a greater distance than one hundred miles from the place of holding the same without the permission of the trial court being first had upon proper application and cause shown.

Sec. 14. That whenever a corporation shall violate any of the penal provisions of the antitrust laws, such violation shall be deemed to be also that of the individual directors, officers, or agents of such corporation who shall have authorized, ordered, or done any of the acts constituting in whole or in part such violation, and such violation shall be deemed a misdemeanor, and upon conviction therefor of any such director, officer, or agent he shall be punished by a fine of not exceeding \$5,000 or by imprisonment for not exceeding one year, or by both, in the discretion of the court.

Sec. 15. That the several district courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this Act, and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition, the court shall pro-

ceed, as soon as may be, to the hearing and determination of the case; and pending such petition, and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises. Whenever it shall appear to the court before which any such proceeding may be pending that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned whether they reside in the district in which the court is held or not, and subpoenas to that end may be served in any district by the marshal thereof.

Sec. 16. That any person, firm, corporation, or association shall be entitled to sue for and have injunctive relief, in any court of the United States having jurisdiction over the parties, against threatened loss or damage by a violation of the antitrust laws, including sections two, three, seven and eight of this Act, when and under the same conditions and principles as injunctive relief against threatened conduct that will cause loss or damage is granted by courts of equity, under the rules governing such proceedings, and upon the execution of proper bond against damages for an injunction improvidently granted and a showing that the danger of irreparable loss or damage is immediate, a preliminary injunction may issue: **Provided**, That nothing herein contained shall be construed to entitle any person, firm, corporation, or association, except the United States, to bring suit in equity for injunctive relief against any common carrier subject to the provisions of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, in respect of any matter subject to the regulation, supervision, or other jurisdiction of the Interstate Commerce Commission.

Sec. 17. That no preliminary injunction shall be issued without notice to the opposite party.

No temporary restraining order shall be granted without notice to the opposite party unless it shall clearly appear from specific facts shown by affidavit or by the verified bill that immediate and irreparable injury, loss, or damage will result to the applicant before notice can be served and a hearing had thereon. Every such temporary restraining order shall be indorsed with the date

and hour of issuance, shall be forthwith filed in the clerk's office and entered of record, shall define the injury and state why it is irreparable and why the order was granted without notice, and shall by its terms expire within such time after entry, not to exceed ten days, as the court or judge may fix, unless within the time so fixed the order is extended for a like period for good cause shown, and the reasons for such extension shall be entered of record. In case a temporary restraining order shall be granted without notice in the contingency specified, the matter of the issuance of a preliminary injunction shall be set down for a hearing at the earliest possible time and shall take precedence of all matters except older matters of the same character; and when the same comes up for hearing the party obtaining the temporary restraining order shall proceed with the application for a preliminary injunction, and if he does not do so the court shall dissolve the temporary restraining order. Upon two days' notice to the party obtaining such temporary restraining order the opposite party may appear and move the dissolution or modification of the order, and in that event the court or judge shall proceed to hear and determine the motion as expeditiously as the ends of justice may require.

Section two hundred and sixty-three of an Act entitled "An Act to codify, revise, and amend the laws relating to the judiciary," approved March third, nineteen hundred and eleven, is hereby repealed.

Nothing in this section contained shall be deemed to alter, repeal, or amend section two hundred and sixty-six of an Act entitled "An Act to codify, revise, and amend the laws relating to the judiciary," approved March third, nineteen hundred and eleven.

Sec. 18. That, except as otherwise provided in section 16 of this Act, no restraining order or interlocutory order of injunction shall issue, except upon the giving or security by the applicant in such sum as the court or judge may deem proper, conditioned upon the payment of such costs and damages as may be incurred or suffered by any party who may be found to have been wrongfully enjoined or restrained thereby.

Sec. 19. That every order of injunction or restraining order shall set forth the reasons for the issuance of the

same, shall be specific in terms, and shall describe in reasonable detail, and not by reference to the bill of complaint or other document, the act or acts sought to be restrained, and shall be binding only upon the parties to the suit, their officers, agents, servants, employees, and attorneys, or those in active concert or participating with them, and who shall, by personal service or otherwise, have received actual notice of the same.

Sec. 20. That no restraining order or injunction shall be granted by any court of the United States, or a judge or the judges thereof, in any case between an employer and employees, or between employers and employees, or between employees, or between persons employed and persons seeking employment, involving, or growing out of, a dispute concerning terms or conditions of employment, unless necessary to prevent irreparable injury to property, or to a property right, of the party making the application, for which injury there is no adequate remedy at law, and such property or property right must be described with particularity in the application, which must be in writing and sworn to by the applicant or by his agent or attorney.

And no such restraining order or injunction shall prohibit any person or persons, whether singly or in concert, from terminating any relation of employment, or from ceasing to perform any work or labor, or from recommending, advising, or persuading others by peaceful means so to do; or from attending at any place where any such person or persons may lawfully be, for the purpose of peacefully obtaining or communicating information, or from peacefully persuading any person to work or to abstain from working; or from ceasing to patronize or to employ any party to such dispute, or from recommending, advising, or persuading others by peaceful and lawful means so to do; or from paying or giving to, or withholding from, any person engaged in such dispute, any strike benefits or other moneys or things of value; or from peacefully assembling in a lawful manner, and for lawful purposes; or from doing any act or thing which might lawfully be done in the absence of such dispute by any party thereto; nor shall any of the acts

specified in this paragraph be considered or held to be violations of any law of the United States.

Sec. 21. That any person who shall wilfully disobey any lawful writ, process, order, rule, decree, or command of any district court of the United States or any court of the District of Columbia by doing any act or thing therein, or thereby forbidden to be done by him, if the act or thing so done by him be of such character as to constitute also a criminal offense under any statute of the United States, or under the laws of any State in which the act was committed, shall be proceeded against for his said contempt as hereinafter provided.

Sec. 22. That whenever it shall be made to appear to any district court or judge thereof, or to any judge therein sitting, by the return of a proper officer on lawful process, or upon the affidavit of some credible person, or by information filed by any district attorney, that there is reasonable ground to believe that any person has been guilty of such contempt, the court or judge thereof, or any judge therein sitting, may issue a rule requiring the said person so charged to show cause upon a day certain why he should not be punished therefor, which rule, together with a copy of the affidavit or information, shall be served upon the person charged, with sufficient promptness to enable him to prepare for and make return to the order at the time fixed therein. If upon or by such return, in the judgment of the court, the alleged contempt be not sufficiently purged, a trial shall be directed at a time and place fixed by the court: **Provided, however,** That if the accused, being a natural person, fail or refuse to make return to the rule to show cause, an attachment may issue against his person to compel an answer, and in case of his continued failure or refusal, or if for any reason it be impracticable to dispose of the matter on the return day, he may be required to give reasonable bail for his attendance at the trial and his submission to the final judgment of the court. Where the accused is a body corporate, an attachment for the sequestration of its property may be issued upon like refusal or failure to answer.

In all cases within the purview of this Act such trial may be by the court, or, upon demand of the accused,

by a jury; in which latter event the court may impanel a jury from the jurors then in attendance, or the court or the judge thereof in chambers may cause a sufficient number of jurors to be selected and summoned, as provided by law, to attend at the time and place of trial, at which time a jury shall be selected and impaneled as upon a trial for misdemeanor; and such trial shall conform, as near as may be, to the practice in criminal cases prosecuted by indictment or upon information.

If the accused be found guilty, judgment shall be entered accordingly, prescribing the punishment, either by fine or imprisonment, or both, in the discretion of the court. Such fine shall be paid to the United States or to the complainant or other party injured by the act constituting the contempt, or may, where more than one is so damaged, be divided or apportioned among them as the court may direct, but in no case shall the fine be paid to the United States exceed, in case the accused is a natural person, the sum of \$1,000, nor shall such imprisonment exceed the term of six months: **Provided**, That in any case the court or a judge thereof may, for good cause shown, by affidavit or proof taken in open court or before such judge and filed with the papers in the case, dispense with the rule to show cause, and may issue an attachment for the arrest of the person charged with contempt; in which event such person, when arrested, shall be brought before such court or judge thereof without unnecessary delay and shall be admitted to bail in a reasonable penalty for his appearance to answer to the charge or for trial for the contempt; and thereafter the proceedings shall be the same as provided herein in case the rule had issued in the first instance.

Sec. 23. That the evidence taken upon the trial of any persons so accused may be preserved by bill of exceptions, and any judgment of conviction may be reviewed upon writ of error in all respects as now provided by law in criminal cases, and may be affirmed, reversed, or modified as justice may require. Upon the granting of such writ of error, execution of judgment shall be stayed, and the accused, if thereby sentenced to imprisonment, shall be admitted to bail in such reasonable sum as may be required by the court, or by any justice, or any judge of

any district court of the United States or any court of the District of Columbia.

Sec. 24. That nothing herein contained shall be construed to relate to contempts committed in the presence of the court, or so near thereto as to obstruct the administration of justice, nor to contempts committed in disobedience of any lawful writ, process, order, rule, decree, or command entered in any suit or action brought or prosecuted in the name of, or on behalf of, the United States, but the same, and all other cases of contempt not specifically embraced within section twenty-one of this Act, may be punished in conformity to the usages at law and in equity now prevailing.

Sec. 25. That no proceeding for contempt shall be instituted against any person unless begun within one year from the date of the act complained of; nor shall any such proceeding be a bar to any criminal prosecution for the same act or acts; but nothing herein contained shall affect any proceedings in contempt pending at the time of the passage of this Act.

Sec. 26. If any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Approved, October 15, 1914.

WORKMEN'S COMPENSATION ACTS

Workmen's compensation laws are State or Federal statutes, through which the State or the Federal Government provide compensation to workmen injured during the course of their employment, either private or for the government. The State laws are enacted to control and regulate workmen's compensation when injury occurs in private employment, other than workmen engaged in interstate commerce. The Federal Acts were enacted to provide compensation for those employees injured in the Federal Government service, or while engaged by an interstate commerce carrier. The workmen's compensation acts of the various States and of the Federal Government have, as their basis, the German Code, which that government developed in an elaborate manner during the past twenty-five years.

The various workmen's compensation laws have certain characteristics in common. They usually provide for the abolition of the Common Law rules affecting the rights of workmen to recover for injuries, and stipulate in lieu thereof other recompense, its manner of payment, and the amount, without the aid of a trial by jury, or a lawsuit. They also provide that the compensation stipulated shall be the entire amount the injured may collect as damages; this sum is usually non-assignable by the injured or his defendant to whom it is paid, and is not subject to any court procedure or levy.

Under the Common Law, it is the rule that an injured person cannot collect for injuries if he himself has been negligent. This is true, although his negligence is only slight, and the employer is decidedly in the wrong. Also, under the Common Law, an injured employee cannot collect for injuries if these have been caused by the negligence of a fellow workman, although the injured man has himself not been negligent. The workmen's compensation Acts abolish these rules and provide for compensation in all cases except where there has been gross or

wilful misconduct on the part of the employee, and this caused the injury. Such misconduct precludes his recovery, even under the Acts, but the burden of showing that the injury was caused in this manner is usually upon the employer.

These several acts have many common features, although the details and specifications differ. In general they (1) cover particular classes of employees, (2) govern the giving of notices of injury, (3) enumerate the injuries covered, (4) fix the compensation in event of death, (5) specify the persons who are beneficiaries and dependents, (6) regulate the time when compensation begins in case of disability, (7) specify what medical and surgical aid is included, (8) regulate the manner in which the compensation should be paid, (9) provide for the necessary examination of the injured workman, and (10) regulate the taking of appeals from awards made by the board, adjudicating in the matter.

Workmen's Compensation and Insurance Laws have been enacted in the following States: Montana, New York, Washington, Ohio, Wisconsin, Massachusetts, New Jersey, Illinois, Kansas, California, Michigan, Nevada, New Hampshire, Rhode Island, Maryland and Arizona. The Federal Government has provided two sets of laws governing workmen's compensation in case of injury. One set governs compensation paid to injured employees of carriers engaged in interstate commerce. The other was enacted to cover compensation paid to the Federal Government employees, in case of injury.

The majority of the States named above may be grouped in one general class, having enacted laws providing for a stipulated liability to employers, for injured employees, determined usually by a board of arbitration. Some of these Acts expressly declare that both employers and employees are governed thereby in all cases, and the Common Law rules, formerly applicable, are totally abolished. The New York statutes of 1910, made compulsory for both employer and employees, was declared unconstitutional in the case of *Ives vs. South Buffalo Railway Company*, reported in Volume 94 North Eastern Reports, (New York) Page 431. This case is considered a leading and important one on the entire problem of Workmen's

Compensation, although the decision has been seriously and vehemently criticized by sociologists, economists, and jurists.

The New York Court in sustaining its contention said: (1) That the law denied to the parties the constitutional right of trial by jury, (2) that an employee could not be compelled by the legislature to accept less than his Common Law damages, nor could the employer be forced to pay damages when he was nowise at fault. Those who criticize the court's reasoning in this case, argue that under our present highly developed factory system, the system itself, or the commodity produced, should pay for injuries, when such occur without the wilful misconduct and wrongdoing of the injured. The Washington State Supreme Court, in maintaining its compulsory law, stressed police power, holding that a State might compel an employee to take less than his Common Law damages, or an employer to relinquish his Common Law rights, on the ground that the public welfare demanded. The contention is that the State can exercise police power in this manner for the protection of the health, safety, and general welfare of the public.

Most of the States grouped in the first class, as having laws providing for a settlement and payment by the employer to the injured employee through a board of arbitration, make these laws optional. That is, the parties interested may elect to proceed under them, or elect to decide their controversy under the Common Law. The New Jersey Act automatically places each employment contract under its compensation section, but permits either party to elect not to be subject to its provisions, and to have recourse to actions at Common Law for compensation. In Illinois, acceptance of the Act is virtually compulsory upon the employer, for if he declines he is deprived of his Common Law defenses, (1) that the workman himself has been negligent, or (2) that the injury was caused by the fault of a fellow workman except that contributory negligence of the injured party may be considered by the jury in a Common Law case, in determining the amount of damages. The Rhode Island and Maryland Acts are similar to Illinois, except that

they are so stringent, in that they omit the last feature as to contributory negligence.

Ohio, Washington, Massachusetts, Wisconsin, California, Kansas, Nevada, Arizona and New Hampshire provide for a scheme of workmen's insurance through a common State fund collected and disbursed through a State administrative board. The Wisconsin Workmen's Compensation Act, typical in a general way was enacted in 1911 and upheld in the case of *Borgnis vs. Falk*, reported in Volume 133 North Western Reports (Wisconsin), Page 209. The court, in that case, summarizes the Act as follows: "It creates an administrative board to carry its provisions into effect. It divides all private employers of labor into two classes: (1) Those who elect to come under the law, and (2) those who do not so elect. It takes away the defenses of assumption of risk and negligence of a co-employee from the second class (except that where there are less than four co-employees the latter defense is not disturbed), but leaves both defenses intact to the first class. It prescribes the manner in which an employer may elect to come under its terms and how an employee may make his election, and when silence on the part of the employee will be considered an election; but it does not in terms compel either employer or employee to submit to its provisions. It then provides a comprehensive scheme by which, after both parties have so elected, any substantial injury, whether the result be fatal or not, received by the employee in the course of or incidental to his employment (except those caused by wilful misconduct) shall be compensated for by the employer according to certain definite rules, which rules are to be administered by the administrative board aforesaid by means of simple procedure definitely laid down, which gives to both parties fair notice and hearing, and results in findings and an award which may be filed in the circuit court and become a judgment. It further provides that the findings of fact shall be conclusive and the award subject to review only by action in the circuit court of Dane County, in which it can be set aside only (1) if the commission acted without or in excess of its powers; (2) if the award was procured by fraud, or (3) if the award

is not supported by the findings of the fact. It then provides that the judgment thus rendered shall be subject to appeal to the supreme court.

The California Act, a modified adaption of the Wisconsin law, embodies the doctrine of comparative negligence, as does the Nevada law. Under this doctrine the board considers, in awarding damages, the comparative negligence of the parties. If the negligence of the injured employee has been slight, and that of the employer great, the award will be greater than if the situation were reversed.

The Massachusetts Act, passed in 1911, is optional both as to employer and employee. The employer is free to take no insurance, or to insure himself in the Massachusetts State Company, or to insure in a private accident company. But if the employer declines to take insurance, he is denied Common Law defenses in a suit by an injured employee. That is, the employee may recover, although the injury was caused by his own negligence, or that of a fellow worker. However, in any case, the employee cannot recover if the injury was caused by his own gross or wilful misconduct—the compensation is doubled if the injury was caused by the gross negligence or wilful misconduct of the employer, or one who exercises a superintendent's power for him.

If the injured employee declines to come under the Act, the Common Law defenses of contributory negligence or negligence of fellow worker are available against him. That is, if the injury is caused by either of these, or either is partly instrumental in causing the injury, the employee cannot recover, unless it be under the compensation and insurance Act of 1911. Obviously, the purpose of these conditions is to compel the employee to come under the act. The employee may elect to sue at Common Law, upon formal notice to the employer, when hired. This he would probably do if the employer has elected not to come under the Act. If the employer later chooses to come within the statute and protect himself with accident insurance, the employee may make his election within thirty days thereafter.

The Ohio Act is likewise virtually compulsory on the employee, if the employer elects to conduct his business

under it. If the injured employee refuses to accept compensation as the Act provides, the employer may avail himself to the Common Law defenses, heretofore explained. The Ohio law was held constitutional in the case of *State vs. Creamer*, reported in Volume 97 North Eastern Reports, (Ohio) Page 602. The courts distinguish the Ohio and Massachusetts Acts, which are virtually compulsory, from the New York Act, declared unconstitutional, on the ground that the option given eliminates any constitutional objection as to the provisions concerning the right of trial by jury, or the right to due process of the Common Law. It would seem that the courts would be considered less enigmatical and equivocal, if they would boldly state that the sound legal basis for these laws is the exercise of police powers, already explained.

The Kansas Act is optional with the employer, or injured employee with the same general provisions as in other States both as to acceptance and rejection. The New Hampshire Act is an alternative between the employer's personal liability, and his contributing to a State insurance fund. The Washington Industrial Insurance Act has already been discussed in determining the question of constitutionality, which is the same whether the Act be one of strictly workmen's compensation direct from the employer, or through a scheme of State insurance. It has been stated that the Washington Act omits the option feature, and makes the law compulsory upon both the employer and employee. The Washington law was declared constitutional in the case of *State vs. Clausen*, reported in Volume 117 Pacific Reports, (Washington) Page 1101. The Arizona Act closely resembles the Washington Act, and to date has not been declared unconstitutional by the courts of that State.

The word "workmen" is used constantly in the various Acts. No doubt many controversies will arise as to the interpretation of this term, and each must be determined, as it presents itself in the light of the legislative intention. The word "accident" will probably be taken in its popular and usual sense, and will include any unexpected injury to a workman resulting during the course of his employment. The term "course of employment"

has been thoroughly determined by adjudications in Agency and other Common Law cases. No doubt these adjudications will be used in limiting the construction of these words under the workmen's compensation Acts. The terms "negligence" and "serious or wilful misconduct" will be construed in the light of their interpretation in the Common Law cases as found in the subject of Torts.



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